

Robert Schuman Centre

From Imitation to Competitive-Cooperation  
Ford Foundation and Management Education  
in Western Europe (1950's-1970's)

vol. II

GIULIANA GEMELLI

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**EUROPEAN UNIVERSITY INSTITUTE, FLORENCE**

**ROBERT SCHUMAN CENTRE**

**From Imitation to Competitive-Cooperation  
Ford Foundation and Management Education  
in Western Europe (1950's-1970's)**

*Vol. II*

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## **PATTERNS OF TRANSFER 1966-1973**

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#### **Management Education as a Strategic Weapon:**

At the end of 1966 McGeorge Bundy became the new president of the Ford Foundation. At that time he had a strong reputation as, an outstanding scholar, an entrepreneur in higher education (as former Dean of Harvard University) and as a political expert. His personal relationships went from Harvard intellectual elite to President Kennedy inner circles. Moreover, he maintained personal relationships with President Johnson's staff. Bundy made some crucial changes in Ford Foundation's organizational design. The most relevant changes were related to the Higher Education and Research program, it became independent from IA and consequently there was an erasure of a clean boundary between domestic and international activities in educational programs.

Outstanding figures in the IA area, like Shepard Stone and Joseph Slater had no more the role they played in the past, running the world to meet outstanding personalities, and selecting individuals and ideas to produce the “adhocratic design” of Atlantic partnership. Other officers moved from one program to another. This was particularly the case of Marshall Robinson who moved from the position of EDA's director to the position of program officer in charge of the Division of Education and Research. Later on he became Head of Division and Vice President. From the point of view of the actors in International strategies these changes marked the sunset of what one could call the “Stone-Slater” era and the emergence of new staff, which implied, in the Higher Educational program, the creation of a Marshall Robinson team, with Mariam Chamberlain (who had been a Ford Foundation's staff associate since 1956) and Peter de Janosi and in the European and International Affairs program (EIA) a new role for Francis Sutton. Previously Sutton had been the Foundation's representative for East and Central Africa of the International Programs. With Bundy, he became an expert in the field of social and economic sciences in Western Europe, particularly in France. One should recall that at that time the Ford Foundation started to think that an office should be created in Paris.

Robinson, a trained economist who came from field activities, as former Dean of the Graduate School of Business at the University of Pittsburgh, had been for a



long time in contact with Leland Bach whose role in the development of American "new look" in management education is well known<sup>57</sup>.

A former Ford Foundation officer, Waldemar A. Nielsen, who participated in many European ventures, wrote in his book on "The Big Foundations" that:

"The foundation's international programs, which some had thought might be Bundy's primary interest, were simultaneously given a lower priority than the domestic programs. The European segments, under a rapid succession of chiefs, almost disintegrated".

Nielsen's statement needs to be corrected on one point. Certainly, the Higher Education and Research division did not have the comprehensive concern with Europe as a geographic and political entry, as the International Affairs Program once had. During the period of McGeorge Bundy's presidency, Europe was not yet the core, but rather a part, of Ford Foundation's international design. The European segment, however, did not disintegrate but rather it was incorporated into a new philosophy of Foundation policies which should be analyzed in order to better understand Ford Foundation's "grand design" in management education and its consequences in terms of cross-fertilization effects. The rationale of the important change which occurred in the mid-Sixties was clearly stated in a Ford Foundation report of December 1967:

"The foundation has persistently sought ways in which we might improve international understanding, or strengthen capacities for solving international problems. Under the International Affairs program, we gave particular attention to the problems of Europe and the Atlantic Community, and to Japan as a major emerging industrial power, as well as to the general needs of international organizations and the understanding of international problems. Both these programs contributed notably to resources for understanding the Communist world and made beginnings in the delicate and uncertain but necessary, task of building relations with it. The international division of the Foundation now inherits responsibility for these various activities. It has the opportunity and the challenge to bring into a coherent pattern our efforts in service of peace and international understanding."<sup>58</sup>

From this point of view, the planning of the Foundation's activities outside the United States was no longer simply a concern of the International Division. It became a Foundation-wide concern. This "new look" in international affairs implied primarily a larger conception of European programs,

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<sup>57</sup> Robert L. Gleeson and S. Schlossman, *George Leland Bach and the Rebirth of Graduate Management Education in the United States (1945-1975)*, in "Selections", Spring 1995, pp. 8-46.

<sup>58</sup> *Planning for the Foundation's activities in Europe* [FFA, Report n° 002122, p.1].



"both East and West and including the Soviet Union /../ We must clarify, "- the report said- "our aims with respect to Western Europe. In the past this was a more straightforward matter than it is now, and not only because the old simplicities of NATO and the Cold War are gone. Viewing Europe from the perspective of an International Affairs program, the Foundation naturally gave prominence and precedence to broad international objectives. We have been directly concerned with strengthening the cohesion of Europe and the Atlantic area /../ An approach to Europe on the various fronts represented by the Foundation's divisions raises a new set of questions. The Education and Research division does not have a comprehensive concern with Europe as a geographic and political entity, as the International Affairs program once had. But is concerned with Europe as one of the world's great concentrations of intellectual and educational resources."<sup>59</sup>

The emphasis was then on education as a strategic weapon and on cooperation strategies as an instrument to get Europeans involved in larger programs, creating a "common market of ideas" and bypassing their fear that the burgeoning numbers of university-trained people in the United States and the Soviet Union, would condemn a less abundantly provided Western Europe to slower progress and widening gaps, technological and otherwise (the "brain drain"). The rapid shift from "technological gap" to "managerial gap" which occurred precisely in the mid-Sixties, and its political implications were, as we shall see, part of this plot as active elements in stimulating European cooperation in international programs, promoting inter-European and Atlantic links and providing bridges to Eastern Europe and the Soviet Union.

In a report for the European and International Affairs programs Francis X. Sutton made some interesting remarks on this subject:

"The American society was considered in a way a "model" for advanced industrial societies, a model to which Western Europe, although with necessary adjustments and some differences, would eventually come. Servan-Schreiber's "Le Défi Américain" was based on this assumption. We call this an assumption because very little or no analytical research has ever gone into this. The United States was and by many still considered a "model" more by intuition than anything else. To day we can question such an assumption, or at the very least, we ought to look into the problem more analytically and more systematically. It would seem that one should be able to define a model for modern industrialized societies which does not coincide necessarily with the present state of the American society".

One essential outcome of this statement was greater attention to comparative analysis which, according to Sutton, should be situated "between an academic Schylla and a parochial Charybdis", in order to define general subjects such as the patterns of interdependence in the Western world. As well as specific questions such as whether differences among countries "are important enough to

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<sup>59</sup> Ivi p.14.



determine a substantial difference also in the way in which in Eastern Europe the individuals, institutions and societies at large respond to technological change”<sup>60</sup> and what is the rationale to distinguish developed and underdeveloped countries considering that there are not only national but also regional differences.

One of the most fundamental problems in making plans for an international outlook of Ford Foundation European programs was to define strategic sectors which could be placed at the intersection between International and Educational programs. Different signs indicated that management education could be one of these sectors.

A relevant sign came from President Johnson’s advisory staff (Francis Bator, George Christian and Walt Rostow): in December 1966, when President Johnson directed Ford Foundation’s new President, McGeorge Bundy, to explore the possibility of creating a study center to strengthen international cooperation and mutual understanding in common problems between East and West.

On December 15, 1966 in a News Conference at the White House, Bundy announced his official role in the project:

“The kind of problem we are dealing with here is that all advanced economies share the problems of efficiently managing, large and complicated enterprises, factories, cities, subway systems and airports, hospitals and multi-product farms” -Bundy declared- “A center that would bring together engineers, economists, managers, production experts and the like, both practitioners and academics, could grow into a center of learning- at least this is the hope of the president- that could help us all”<sup>61</sup>.

The decision taken by President Johnson followed a speech he gave (October 7, 1966) before the National Conference of Editorial Writers at New York during which he pronounced the famous sentence: “Americans and all the Europeans share a connection which transcends political differences. We are a single civilization; we share a common destiny; our future is a common challenge.”<sup>62</sup>

The implications of the President’s statement for management development and educational strategies were relevant and became evident in the following months. In February 1967, “The New Republic” gave attention to the fact that FIAT and Renault contracts, to expand by several hundred percent the automobile production of the USSR, Rumania and Bulgaria, “followed a large-scale exchange of scientific-technological automotive information. Less publicity has

<sup>60</sup> Francis X. Sutton, *Conference on Foundation Programs in Europe*, February 24-25, 1971, pp.9-10 [FFA, Report n° 004993].

<sup>61</sup> [FFA, coll. ACC 91/10, Box, 45 *Industrial Societies Project, January February 1967*].

<sup>62</sup> Address by President Johnson, *Making Europe Whole: an Unfinished Task*, Department of State Bulletin, October 24 1966.



been given to the agreement of the giant British Imperial Chemical Industries with the USSR covering plastics, petrochemicals and synthetic fibres /../. Up to now, participation of American companies has been minor, and chiefly effected through European subsidiaries."

The author of the article stressed the crucial shift implied in President Johnson's statement :

"in the usual way of looking at things, international relations consist primarily of military and diplomatic interactions, plus trade. Recently increasing attention has been paid to "cultural" interactions and, on the economic side, to the balance of payments and foreign-aid policies. We are only just beginning to understand the phenomena of "international production" as something different from any of the above. International production is production generated by the conscious combination on a cooperative basis of the technology and / or management of two or more nations, or by the cooperative use of the management and technology of one nation with the labour and physical resources of another to the joint advantage of both"<sup>63</sup>.

The problem of attracting, to the project, both scientists and business leaders on the two fronts "West and East" was a main point of a long and very complicated negotiation which finally, in 1972, led to the creation of IIASA. This point had been stressed since the beginning by Bundy-assistant Eugene Staples. "The exciting thing about this proposal," -Staples observed- "and what should make it interesting to business leaders is the challenge to the private citizen- the industrial managers or the managerial inclined intellectual - to take the leadership in studying how to handle society's largest problems"<sup>64</sup>. Accordingly, the long negotiation to transform the proposal in a "building-bridges" program revealed the process through which a top level international community of business leaders including; Aurelio Peccei, Raymond Aron, Giovanni Agnelli, Harold Wilson, Francis Bator and many others (who were personally contacted by Bundy or by his assistant Staples) developed the concrete feeling of its potential new role. This had important effects in the development of large-scale policies in management education.

Another effect was the possibility to select institutions and leading countries in cooperation strategies. As soon as the proposal became official many institutions and countries offered "hospitality" to such prestigious institutions. The French offered the beautiful castle in Fontainebleau, the Italians offered the new buildings of "Italia 61" in which the ILO was located. One should remember at

<sup>63</sup> E. Benoit, "East-West Business Cooperation. A New Approach to Communist Europe", in *New Republic*, February 18, 1967 p.21 and 23.

<sup>64</sup> Eugene F. Staples Memorandum to McGeorge Bundy, March 21, 1967, p.2[FFA, Reel 2922, Grant n° 73564 section 3].



this point, that both Fiat and Olivetti were deeply involved in contacts and contracts with USSR.

Concerning Italy, it is not surprising that, despite increasing difficulties in developing management education<sup>65</sup>, this country was one of the cores of Bundy's preliminary diplomatic activities to create the appropriate environment and political networks to support President Johnson's initiative.

In a few months it became evident that from many points of view (including the necessity of locating the center in a truly neutral country like Austria, where in fact, the international Institute of Applied Systems Analysis, IIASA, was created in 1972), Italy was not the right emplacement to strengthen international and cooperation strategy. The memorandum written by James Howell on the negotiation between the Soviet representatives and ILO's director, P. Blamont, in order to start a common project for training Soviet, American and European managers, is very revealing from this point of view. Howell wrote in 1969:

"The whole atmosphere of the negotiations was "of the thirteenth hour". Blamont was very anxious to give to Gvishani and his colleagues ././ exactly what they want ././ and insisted that bilateralism would not work ././ Blamont ././ doesn't understand that /Soviets/ are interested in finding the state of the art and areas of research. He seems to think that they are simply interested in getting some high-level training for a few special people who can then return to the Soviet Union and teach others. This in not exactly wrong, but it is not the emphasis the Russians were giving."

In the same year, as I mentioned above, Frederick wrote his report on Italian management education and pointed out the total absence of cooperation among Italian business schools. Things did not really change when the Agnelli Foundation entered the picture and supported the creation of ASFOR. Actually in the early seventies, Italy was at the periphery of Ford Foundation European programs. But this is partially another story. What is important to observe, however, is the role played by management education in the President's proposal, especially because it was a strong point of interest from the Soviet point of view. Secondly one should observe the crucial role played by Ford Foundation's staff in all the processes of negotiation. This was considered a delicate matter in McGeorge Bundy's official new conference at the White House, where Bundy was very clear on this point: "I am not undertaking this as an advance man for the Ford Foundation at all, but as an individual working at the request of the president", he declared to the interviewer asking him about the financing of the center.

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<sup>65</sup> It is interesting to observe that when IPSOA activity came to an end in 1964, Giovanni Agnelli proposal was a merger of the Turin schools with the ILO's "shining star".



It is certainly evident that President Johnson's proposal and Ford Foundation's programs in European management education were not part of the same design. Bundy also insisted that there was no connection between the proposal and the question of "technological gap". Among all these subjects there were however some common areas. The role of the Ford Foundation staff could precisely be found at these intersections, created by a stream of actions of mutual information process within McGeorge Bundy's team rather than by a strategic design to get the Foundation really involved in the project. Moreover it should be stressed that since the first general memorandum written in April 1967<sup>66</sup> the proposal of creating an international studies program was clearly oriented towards developing system analysis and computer technology rather than management education (which remained, however, a crucial interest of Soviet leading personalities like Gvishiani, Deputy Chairman State Committee of USSR Council of Ministers for Science and Technology). Nevertheless, in terms of "stream of actions", as before, one should note a convergence of simultaneous activities which reinforced the strategic effect of management education program vis-à-vis different goals and targets. The main significant result was the development of cooperation behaviours as a complex system of practices in which there were many different factors.

First of all there was the exploitation of the large debate on the "managerial gap", (one should not forget that Servan- Schreiber's book *The American Challenge* was published precisely in 1967 and that in the other side of the Atlantic, MacNamara used, almost simultaneously the same expression), which was used to strengthen the process of transferring American educational patterns to European higher educational systems, by launching simultaneously different programs in social science and management. Secondly the possibility to control European expansion to the Eastern countries, and finally the opportunity to create the right and integrated ("international") environment for the diffusion of American technology. The role of the actors and their mutual intersections in different programs was crucial in creating a process of rather uncoordinated actions which, in the middle period, supported what I call a 'design' effect.

It is less than a strategic plan, because it is the product of rather uncoordinated actions, its strategic effects were, nevertheless, relevant. It implies, in fact, a process of consolidation of a "vision" in which cooperation and, with stronger evidence since the early Seventies, competitive cooperation played the role of "actants" in cross-fertilization policies, rather than a mere ideological function.

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<sup>66</sup> *An outline for an international research center and international studies program for systematic analysis of certain problems of advanced societies* [FFA Report n° 010994].

When analyzing and comparing the different files in the archives of the Ford Foundation, there is some evidence to suggest, that without the political and theoretical environment produced by President Johnson's proposal, the development of Ford Foundation's management education program could have been different, probably more centered if not limited to Western Europe. One should however note that the Foundation's first programs on Eastern Europe management education anticipated President Johnson's initiative.

Actually the first step of the actors who were asked to give a contribution in developing in President Johnson's proposal, was to activate the previous know-how on Eastern countries and USSR, in terms of environmental and network knowledge. Marshall Robinson for example contacted his former colleagues at the University of Pittsburgh who had already established relations with Eastern European scholars. One of them Bernard Bass wrote to Robinson, in December 1966, giving him some interesting information on German Gvishiani, a key personality in USSR scientific policies, and of his strong interest on American teaching programs in organizational psychology, as well as on other scholars in Poland and Yugoslavia who could be useful to develop the project.

Since the period during which he directed the EDA program, Marshall Robinson had collected a number of reports referring to the programs of different schools of management and engineering in the US which had tried to develop cooperation programs with the Iron curtain countries. Harvard Business School was underrepresented in the list of the institutions, (the MIT, Stanford and Carnegie Tech), who took part to the pioneer phase of Eastern programs. This orientation was still evident when Bundy prepared the list of scholars to contact for the International center - "A group of non-Harvard economists", (likewise noted in different memoranda, Bach, Gordon and Simon).

In one of the reports from MIT staff in 1965 it was clearly stated that since the early Sixties,

"in the USSR there has been an extensive re-examination of the structure and organization in industry and significant changes have been made to decentralize planning and decision-making in a number of consumer good lines /../ Most of the Eastern European countries have taken steps to decentralize planning and introduce a number of features of a marked economy into their economic structures. Their economies may develop in such directions much more rapidly than Soviet Union because of the existence and recollection of market economies in such countries less than twenty years ago. Interest in management education is growing in many of these



countries as evidence by a growing number of request to ILO for aid in establishing management training"<sup>67</sup>.

This shift in Eastern countries met with, in the mid-Sixties, crucial changes in some European countries, especially in France, where the De Gaulle nationalistic approach was mitigated by the role played by a gaullist, left-wing intelligentsia (Servan Schreiber and the "Express" group") and, from another side, by the basic agreement of these groups vis-à-vis the positions of "Monnet people" who strongly supported the idea of integrating liberal economy patterns within planification policies. Thus, planification became progressively a pattern within cooperation programs and in European countries which developed these kind of policies in economy as well as in education (i.e. development of applied social research both within the administration and the enterprise) there emerged possible channels to intensify relations with Eastern countries and USSR. Therefore, should one consider as a mere hazard the fact that Fernand Braudel (the famous historian and admired leader of the VI section of the EPHE in Paris) invited to give an official speech in Warsaw, in 1967, choose a revealing title, "L'histoire opérationnelle", which evokes precisely the intersection between applied social science and "operational research"?. (I shall return to the strategic role of France in Ford Foundation policies, once I have analyzed the general lines of the Foundation's policy in European management education since 1967).

### **Dominant Patterns and Differentiated Effects: Professionalization by Research and Receptors' Behaviour**

In 1966 Marshall Robinson wrote a paper *Management Education: A new Imperialism*, to which a proposal was attached concerning a *Business Management Development Program*. This program was "designed to build-through management education- a stronger Atlantic Community capable of meeting the urgent demands of the 1970's and 1980's". It was conceived in three phases:

- 1) A survey of European business schools;
- 2) A policy conference; and
- 3) Stimulation of programs on a transatlantic basis.

The formal launching of the Ford Foundation's program occurred a few months later and the production of national reports was effectively one of the first steps implement by the program.

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<sup>67</sup> Howard J. Johnson, Carroll L. Wilson, *Proposal for Support of M.I.T. Sloan School Faculty. Field Study and Seminar in Moscow, August 1966, on Competitive Management Practices*, "[FFA, Reel 2117 Grant n° 73564, section 4].

An overall view of the European Management Education program reveals that it involved 47 major grant actions and 81 doctoral fellowship grants. Excluding individual fellowships, grant sizes ranged from \$1,000,000 to \$3,000. The average duration of grant action with a programmatic character was 2 years. The European program was organized under different main approaches, corresponding to different needs and organizational strategies. Then it was not a one-way program. On the contrary it implied experimental and articulated side-streets. It was however based on some formal, standard requirements which fundamentally excluded pure "capital venture" investments<sup>68</sup>.

First of all, national governments should co-operate by financing programs; secondly a relevant factor in selecting the institutions, associations and individuals was the fact that the grant should be basically directed at developing professional training through research. The lack of the first requirement had a crucial role for example, in excluding Spain from Ford Foundation's grants, despite interesting institutional developments which had occurred in that country during the sixties. Lack of research strategies and moreover the impossibility to activate networks of cooperation among the leading business schools- as stated in Frederick's report on Spain - were considered more relevant than the role of Opus Dei at IESE as it was easy to suspect!<sup>69</sup>

Many grants were devoted to "institutional development", that is to strengthen institutions which were mostly, but not exclusively, non university training centres. This occurred in two ways:

a) by creating professional deanships and strengthening the creation of a permanent Faculty, as it was the case for INSEAD (\$1,000,000 on a partial matching basis) and for CEI (Centre d'Etudes Industrielles in Geneva \$250,000) and

<sup>68</sup> This orientation produced some criticism in FF's International division staff See for example Francis X. Sutton Conference of FF Programs in Europe of February 11, 1971, pp.7-8 [FFA, Report n° 004993] "In large part of the world"- Sutton observed- "the foundation invests importantly in pilot ventures and projects /../ Characteristically, any pilot venture must deal with the concrete features of the country and the institutions within which it occurs. In western Europe we face an inhibition in pursuing program and objectives through pilot ventures because of our conception that such ventures ought to be financed within the countries themselves. Is there not a resulting tendency for us to be more academically and research-oriented in Europe than we talk, and than we perhaps ought to be, because of this inhibition?"

<sup>69</sup> M. Robinson Memorandum to J. Slater Management education in Spain , May 24, 1966 [FFA 1966 Log 233].



b) by improving research staff and training in support of doctoral programs, as was the case for the London Graduate School of Business Studies and the Manchester Business School in the United Kingdom and for CEROG (Centre de Recherche en Sciences de l'Organisation) in France (\$ 300,000). CEROG was conceived as an implementation, at post-graduate level, of the activities of the already existing IAE - Instituts d'Administration des Affaires (created in 1955 by Pierre Tabatoni, as Institutes of the Faculties of Law, with the enthusiastic agreement of Gaston Berger, the dynamic *Directeur de l'Enseignement Supérieur*).

Other grants were devoted to "visits and exchanges" from both sides of the Atlantic, whose goal was strengthening European institutions. This was the case of the grant to the Stockholm School of Economics whose aim was to bring specialists from different countries to Stockholm in order to enrich the school curriculum and research standards.

A third type of support was related to "networks building". This is a very rich and interesting chapter of the Ford Foundation saga in Europe and deserves special attention in this paper.

Most of the grants were devoted to "starting and strengthening research centres". In the United Kingdom, the University of Warwick was given a \$250,000 grant for the establishment of a Centre for Industrial and Business Studies within the School of Social Sciences. Another grant (\$100,000) went to the International Institute for Management of Technology, sponsored by OECD and established in Milan in 1971. I shall return to this case study later.

The largest amount of financing (\$1,000,000) was devoted to the doctoral fellowships which allowed young European teachers to go to the U.S. graduate schools to do their doctoral studies at one of the 12 participating U.S. graduate schools of management. At the end of this period the participants were required to return to Europe to an academic career. As expected not all fellows returned to Europe, many of them preferred to find a job in an American multinational firm or to teach in an American school. This was one of the reasons why the Ford Foundation decided to simultaneously develop European networks and encourage doctoral programs in the most important business schools, according to a more general trend which characterised US-European relationships during the mid-sixties which was inspired by the philosophy of the "equal partnership".

Ford Foundation's program in European management education was not the product of a once and for all established strategy. It should be considered, on the contrary, as the product of simultaneous and differentiated interventions which



had a common background in developing internationalization both as a pattern of a professionalized business elite and of educational institutions and in activating cooperation behaviours and as a tool to implement interactive strategies between Western countries and Eastern countries. The result of this stream of actions was partly the product of a differentiated program which accurately selected countries and institutions which seemed to fill strategic patterns and technical requirements.

It was also the effect of the system reaction of “receiving actors” who created cross-fertilization processes by adopting behaviours of selective appropriation of American models. This kind of behaviour reveals different levels, going from:

- a) the apparent acceptance and imitation of American patterns, as in the case of Italy and Spain (however based on a strong resistance to introduce cooperation strategies and, especially in the Italian case and on an equally strong resistance to develop research as a basic factor in professionalization of management): to
- b) an interactive behaviour which consciously tried to adapt Foundation's programs to national, institutional-educational patterns and international strategies (as was the case in France and Belgium): to
- c) dynamic changes occurring in the entrepreneurial context (as was the case for Britain in the mid-Sixties): or to
- d) rapid shifts in educational environment (as was to some extent, the case for Germany in the late Sixties, where an important reform of Polytechnics curricula occurred).

One should also consider the different level of synergy of other programs in the social sciences and management education, Italy and France represent opposite issues of this kind of effect. In terms of implementation of research to develop a professionalized management elite, Ford Foundation's social science programs in Italy, which were systematically launched since 1958 with a “density” comparable to the French programs in the same field, generated a situation of basic “gaspillage”. This was partially compensated by some exceptional results, like the “Portici” Institute in Naples and to some extent the first period of SVIMEZ activity. The basic element of resistance was the maintenance of an autocratic structure both within the industrial environment and in the University system, followed after 1968 by a period of political struggles and by the total lack of organizational support for research and training outside the University which could stimulate dynamic change. Despite pressures, coming significantly from IPSOA's Diaspora, the Faculty of Engineering failed to reform their curricula, and until the mid-Seventies the Faculty of Economics' curricula were dominated by business economics, which practically meant that accounting overshadowed all the other disciplines. Particularly crucial was the total absence of non-profit institutions and cultural foundations despite the illusory starting of Agnelli Foundation activity.



In France, on the contrary, non profit institutions (like MSH which developed a large program in social science and humanities) and state supported Foundations (like the Fondation Nationale de Sciences Politiques) along with the role played by some leading personalities in higher education systems as well as in the entrepreneurial milieu, supported a social transition. A transition during which an industrial elite largely dominated by production engineers, "gestion" experts, trained in commercial disciplines and accounting, and poly-technicians with a "classical" education in mathematics and deductive methods, was progressively integrated by a new generation of managers trained in marketing, operational analysis and behaviour sciences, with a strong orientation to develop applied analysis and research. The role of institutions outside the "*Etat enseignant*" control was equally important in integrating research and teaching, especially in economics and in the social sciences. Among the factors which shaped Ford Foundation's role in Europe, as an effect of selective appropriations rather than of a mere transfer of models, one should consider also the fact that although in the late sixties and early seventies, the Foundation was certainly the main actor in management education development it was not the unique one. Since 1963 OECD, with the publication of a detailed report on European management education, "*Problèmes et Perspectives de la Formation à l'Administration des Entreprises*", started to have a role in the field which became especially crucial in the early Seventies. Harvard Business School, alone, or with Ford Foundation's partial support, equally continued to play an important role, particularly where the Foundation was not active with direct grants, as it was the case for Spain and Italy, in the late Sixties and during the seventies<sup>70</sup> as well as for some institutions, like IMEDE in Switzerland. In Spain and Italy a crucial impact was produced by the International Teachers Program which was a main Harvard Business School's fertilization product. Actually, the new generation of Italian professional managers, after the creation of SDA by Bocconi in Milan (a private University which had been characterized during the Fifties and the early Sixties by a strong resistance to the case method instruction) should be considered, to some extent, as an ITP product.

From the point of view of the development of ITP, Harvard-Ford cooperation programs were characterised by an increasing level of complexity. Since the early

<sup>70</sup> Actually the only programs which were started in Italy concerned the development of studies on the situation of managers and business elite in the country (with a \$ 150,000 in 1969 which was renewed in 1972 with \$ 60,000) in relation with the research activity of C.R.I.S. (Research Center on Industrial Sociology) in Turin founded by Flavia Derossi, Magda Talamo and Anna Anfossi and a program of ISIDA in Palermo on "The Evaluation of management training programs" with a \$50,000 grant in 1972), directed by G. Morello. It is important to note that Morello, Anfossi and Derossi were all former IPSOA assistants.



Seventies the Foundation had supported, in fact, European pressures towards a process of autonomisation and 'decentralization' of the ITP program, which led to the creation of a European consortium and to a progressive implementation of the production of European case studies, which were not merely the result of a selection produced by Harvard professors, in order to improve their teaching performance on international business in the HBS courses. Harvard Business School however, continued to play a central role in Europe, firstly with the creation of a European HBS satellite in Switzerland at the Mont Pellerin, (with the cooperation of IMEDE Faculty and the strong opposition of INSEAD and of other leading business schools) and secondly with the creation of a Harvard case study collection, which was considered a basic requirement to develop management education especially in the European countries in which autonomous research was slowly and poorly developed.

### **1. German obstinacy and its historical variations**

The case of Germany, which has been extensively analyzed by Robert Locke, (Locke 1989 and 1996) represents, essentially, a level of strong obstinacy regarding the introduction of American patterns. Actually the United States and Germany represent two alternative approaches to business education. The German dominant model is based on business economics (BWL) and focused on the economic aspects of firms. Its goal is knowledge for the sake of knowledge without any link not only to the problem of how to apply knowledge which is central in the American model but also, as stated by Hartman Heinz in 1956, in a Report to the O.E.C.E., without any emphasis on the problem of social responsible business leadership, on the interrelationship among the various branches of management and on the role of empirical and inductive investigations.

Some questions arise from these general considerations: resistance is a permanent feature of German management educational development? Is it depending only on educational patterns? Should one attribute educational strategies to a diffused anti-Americanism among business leaders or German industrialists' behavior, with regards to American patterns, was rather one of the effects of a kind of skepticism vis-à-vis the free market, related to the tremendous effort to rebuild German economy after World War II.? Let me start from this last question.

An interesting and revealing case study on this matter is related to the project of a Management Development Institute in Berlin, which was envisaged in 1957, thanks to the initiative of the Berlin Chamber of Industry and Commerce- coming especially from middle-size firms- with the tide support of a leading group of



management-intellecuals and industrialists in Cologne, and Minister Erhard's agreement It attired the enthusiastic attention of Ford Foundation's leading personalities- especially Thomas H. Carroll and Shepard Stone -, the American Embassy in Bad Godesbergand and the American Department of State. A report to the Department of State referred that the project represented

"a change in the attitude of the Cologne institute, which was organised by and has the active support of the Bundersverein des Deutchen Industrie and which for some time had looked with distinct disfavor on the Berlin Program. Apparently the Cologne group was afraid that the Berlin program would interfere with the Baden-Baden seminars organised by the Cologne organisation , and, further that the Berlin institute would fall under the control of the Federal Government or Berlin City Government"<sup>71</sup>.

The discussion which developed through the first informal contacts between Berlin representatives and Western Germany large-firm industrialists reveals, as it was stated in the Report, that the attitude of all the businessmen was officially based on the complaint is that the courses have too much of the "lectures method" and that they provide no opportunity for effective participation on the part of the student. This attitude among businessmen in Western Germany should help to find acceptance of the Berlin program, which is participation oriented". The crucial problems however were the location of the institute in Berlin and the fact "that a school controlled in any large measure by government would not receive much support from private industry"<sup>72</sup>.

The discussion, which involved Thomas Carroll, reveals also the increasing strategic dimension of management development in one of the most crucial periods of European integration. 1957 was both the year of the treaty of Rome of the re-election of Adenauer in Germany and, last but not least, of the creation of INSEAD (with Ford Foundation's and EPA's support) which developed a strong attention in catching German firms participation to the new education enterprise in Fontainebleau. Thomas Carroll's commitment to the Institute's project is clearly revealed in a report written in 1956 by Carroll himself and by Thomas L. Norton professor of Management at the School of Commerce of the New York University and former President of the American Association of Collegiate Schools of Business) on *Education for Management in Berlin* . It has been commissioned by the ICA, the US Department of State and the Government of the Federal Republic in Germany, with respect to the possibilities of the establishment in Berlin of a program of education for management. "A great

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<sup>71</sup> Unclassified Foreign Service Despatch, form USBER to Department of State, Washington, 1957 CERP section D, Item IV-B-R, Recent Developments in the Plan for an Institute for Executive Development in Berlin [FFA Log 58-187, Reel n° 1958 L 44].

<sup>72</sup> Ivi p. 2.



many documents relating to business activities and to existing educational efforts, as well as several reports of previous investigating groups,- the report stated-were examined. In addition conferences were held with official of the E.P.A." It also stated that the segment of educational marked to be developed in Germany was that of medium-size firms, rather than that of large firms. "The few which have established "schools "have typically looked upon their own facilities as supplementary rather than an alternative to outside programs".<sup>73</sup> The map of institutions offering management seminars in Germany, described by Carroll and Norton is rather impressive and reveals the changing attitude of a new generation of businessmen with respect to the traditional educational and training patterns. Nevertheless the authors did not recommended to develop in Germany the kind of transplant of American patterns, teaching staff and material which characterised the IPSOA's experiment in Turin. Actually after the IPSOA experiment American officers were perfectly aware of the difficulties to transplant the case method approach in a context which was not ready to accept its cognitive patterns. Considering both the differentiated experience and curricula of several leading American Business schools and the recent development of management training in Germany, they recommended instead a strategy of progressive experimentation of training patterns ("the lecture method should seldom be used") to be realised through a four-six week course and with a careful attention to the specific configuration of German executives' cultural and operational environment, in order to gradually develop abilities of the participants.and "to enhance the capacity for making judgements, and to inculcate more broadly based attitudes and points of view". They supported the idea of establishing in Berlin a German Institute for Executive development

"which will offer a truly German, *full time and residential* program, based upon the fully recognition from the outset of the particular conditions of the country, in which German Personnel would fill post of administrative and teaching responsibility, and in which the greatest possible amount of German material would be used. The employment of Americans or other foreign personnel / should be considered/ in a purely advisory capacity .The real aim is to change the attitude of participants executives. The participants should be trained to view problems from an over-all company point rather than that of a staff specialist or a specialized line manager".

The location in Berlin had evident political reasons related to the necessity to exploit the opportunities which seemed to be connected with a new trend in international relations and with the confident and enthusiastic spirit

"in Berlin, among business, educational and governmental leaders the like of which we did not observe to the same extent elsewhere in the Federal Republic. In addition -

<sup>73</sup> Thomas H. Carroll and Thomas L. Norton, *Education for Management in Berlin*, October 10, 1956 [FFA Log 58-187, Reel n° 1958 L 44]



Carroll and Norton stated - we believe there are educators associated with the Freie Universität, the Technischen Universität, Deutsches Institut für Wirtschaftsforschung and the Hochschule - Institut für Wirtschaftskunde in the city of Berlin who possess the interest in and dedication to the objectives of a program such as been outlined for the proposed institute ... which should be established and operated as a non profit organisation, independent of any other educational institution /including universities/ or any business association”.

American officials from the United States Mission in Berlin and from the Office of German Affairs of the Department of State in Washington claimed that the reasons against the creation of such an institute depended mainly on the “difficulty to make the program which we are planning for Berlin superior to the one offered twice a year in Baden Baden by the BDI”. But one could argue that the most relevant reason to drop the project depended on the attitude of large firms’ businessmen (like Otto Friedrich in Hamburg, Herman Abs<sup>74</sup> in Frankfurt and also W.D. von Witzleben from Siemens) who were more interested in developing a management education program for the common market (INSEAD attracted the attention at that time!!) or in strengthening the already existing institutions, by expanding their contacts with American business schools, rather than in creating a German *national* school. In a letter to Frederick E. Scheven, Chief Commerce and Industry Branch of the U.S. Mission in Berlin, who supported the industrialists point of view, Carroll clearly evoked the main issue in institutional competition, which was INSEAD rather than the national Institute in Berlin :

“I do not believe that the BDI program and the one outlined for Berlin are really competitive- Carroll wrote-... As you may know, there are plans afoot, under the auspices of the Paris Chamber of Commerce to establish/ a European, common market program of management education/”.<sup>75</sup>

In May 1958, considering the strong resistance of German business leaders Carroll decided to abandon his plan with the following consideration:

“I do not think that either of these gentlemen appreciated fully the potentialities of a German adaptation of the American approach to management development training in institutions which may not be associated with universities”

The reason of leading businessmen’s resistance was however much more complex than a simple “anti-Americanism” and competition was based on factors which were not the simple effect of institutional strategies in creating new

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<sup>74</sup> H. Abbs letter to Shepard Stone, March 15, 1958 [FFA Log 58-187, Reel n° 1958 L 44.]

<sup>75</sup> Thomas H. Carroll Letter to Frederick E. Scheven 8 January 1958, [FFA Log 58-187, Reel n° 1958 L 44]



business schools. In the late Fifties they were basically related to big businessmen's' scepticism with respect to the Common European Market and the expansion of the free market, as stated in Otto Friedrich's "memorandum" to Shepard Stone to support his reaction against the creation of a National Management Institute in Berlin : "Industry and trade- Friedrich wrote- are subject to a degree of free competition under professor Erhard's political promotion which goes beyond the pre-war competition and beyond the more restrictive and dirigistic market conditions which the Germans find in other European countries".<sup>76</sup>

Modern Germany historian Volker Berghahn demonstrates that even during the Fifties "Projectionist arrangements continued, and the government- even one led by Erhard, the neo-liberal Economic Minister- was prepared to lend a hand when it came to favouring indigenous industries vis-à-vis foreign firms that had invested directly in the Federal Republic". Displacing in Berlin "new initiatives" on management education and giving them an international configuration was part of the same logic: according to Friedrich managers' training in Germany should follow the principles of commitment to self-determination, co-operation and co-ordination which characterise individual enterprises. "The Firm - he wrote- is comparable to the family, a safe retreat for man and his personal freedom in his struggle with the demands of advancing techniques and organisation".<sup>78</sup>

This defence attitude was the product of an historical period. It is important to emphasise that

"we are only just beginning to appreciate how deeply internment, de-Nazification, and the trials of prominent industrialists at Nuremberg traumatised an entire older generation of German entrepreneurs and managers. While with the acceleration of East-West confrontation, these resentments and feelings of bitterness were gradually overwhelmed by a desire to co-operate with the Allies in the defence of Western Europe against communism...many German managers continued to be skeptical that the Open Door the U.S. were working so hard to establish would work and survive".<sup>79</sup>

<sup>76</sup> Otto A. Friedrich, Memorandum to Shepard Stone, March 29, 1958, pp. 3-4 [FFA Log 58-187, Reel n° 1958 L 44].

<sup>77</sup> Volker R. Berghahn, "German Big Business and the Quest for a European Economic Empire in the Twentieth Century", in Volker R. Berghahn (ed.), *Quest for Economic Empire. European Strategies of German Big Business in the Twentieth Century*, Oxford, 1996, p. 26.

<sup>78</sup> Otto A Friedrich, *The Phoenix History on the 100th Anniversary of the Phoenix Gummiwerke A.G. 1856-1956*, [FFA Log 58-187, Reel n° 1958 L 44].

<sup>79</sup> Volker R. Berghahn, *Lowering Soviet Expectations. West German Industry and Osthandel during the Brandt Era* in Volker R. Berghahn (ed.) *Quest for Economic Empire*.



During the Sixties and particularly in the mid Sixties a different configuration emerged, largely as a consequence of a stronger integration of German business community within EEC political and economic co-operation strategies. From the point of view of management training, the 1960's orientation recalls to some extents the process of "selective adaptation" of American patterns within the German context that Carroll and Norton suggested in their report of 1956, as a pattern of dialogue between the German and the American patterns

Despite divergent institutional and theoretical patterns, as we said, despite their effects in the social construction of knowledge, some points of contact between the American models and the German tradition were produced as historical effects of the dynamic of the mid and late Sixties, starting from a movement of pressure of leading businessmen, clearly expressed in a meeting held by Hans Dichgans in 1965.<sup>80</sup> Particularly relevant was the role played by German industrialists and educational entrepreneurs (like Ludwig Vaubel, Horst Albach and Walther Busse von Colbe)<sup>81</sup> in diffusing post-experience and in-company management training, largely based on American models. This new orientation had certainly its historical antecedent in the Baden-Badener Unternehmmergeprache, organised since 1954 by the Bundesverband der Deutschen Industrie- BDI- and USW- Universitatseminar des Wirtschaft. The BDI, about three weeks in length, has been given twice a year, with lecturers who were primarily leading businessmen and the opportunity for participants to ask questions and to discuss the problems.

A relevant factor was University reform in the late 1960s. It produced structural changes in German University governance which facilitated transformations in University curricula. The responsibility for the organization of the curricula was transferred from the full professors to the university faculties where all the academic staff had voting rights. Consequently new disciplines, like cost accounting and industrial psychology, were introduced into the traditional curricula of business economics. However the resistance of *Wissenschafts* tradition with its separation of praxis and theory and the domination of scientific specialization in field of knowledge remained a strong obstacle to the diffusion of generalist management training. For this reason the main changes in business training occurred principally outside the University and in private schools like the *Wissenschaftliche Hochschule für Unternehmensführung* in Koblenz. Something similar occurred in Italy where the dominant role of the *Economia Aziendale*,

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<sup>80</sup> H. Dichgans, "Erst mit dreissig im Beruf? Vorschläge zur Bildungsreform", in *Der Konferenz der Kulturminister und der Westdeutschen Rektorenkonferenz hoffnungsvoll gewidmet*, Stuttgart, 1966.

<sup>81</sup> Interview with H. Albach, Brussels, June, 1996.



within the Schools of Commerce (especially the Bocconi) and the Faculty of Economics, delayed the introduction of management studies within the University system. But unlike the Italian case the strong and increasing integration of German companies within the EEC- especially during the Seventies- deeply affected the organizational structure and managerial hierarchies of German high technology industries and produce an important shift from the situation of the late Fifties. This shift had two main consequences. The first one was the strengthening of a traditional cooperation between the industrialists and the *Hochschulen*, which in the late Sixties became *Fachhochschulen* and reformed their curricula with the introduction of new disciplines, as stated before. One should recall that since the 1920's programs had existed in some German engineering schools to train economics-engineers, especially in cost-accounting methods. These have been rapidly adopted by German industry (with results not dissimilar to those occurring in France, despite the differences concerning the institutional and theoretical background). The second relevant consequence was the progressive insertion of German experts within the European business schools networks (EAMTC, EIASM). This statement helps perhaps to explain why German attempts to reform management training attired, again, the attention of the Ford Foundation's officers in the late Sixties. It was certainly a selective attention<sup>82</sup>. Was it a mere coincidence that the main point of interaction between Ford Foundation, which in the mid-Sixties was launching, its "grand design" for European management education, and German educational institutions was located in Cologne, in which the initiative to contact the Ford Foundation was taken by A. Schmolders, pro-rector of that University? Actually at Cologne Schmalenbach developed, since the Twenties, cost accounting research and some decades before, in 1879, Gustav von Mevissen, Rhenish industrialist and

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<sup>82</sup> Despite pressures the Ford Foundation did not grant the International Management Institute in Berlin which, despite its name, had nothing in common with the proposal supported in 1956 by Thomas Carroll. Its origin, as stated in an article by Eleanor Dulles (who in 1956 voted against the project!) published by the "Atlantic Community Quarterly" in 1973, p. 70: "is said to have been before the recent agreements of 1970-72 in discussion between SDP deputy chairman and floor leader Herbert Webner and others after the Soviet Take-over in Prague in 1968. It was then decided that the USSR was in a position to exert military pressure almost at will directly or through its surrogates and that it appeared that the most effective counteraction would be a strengthening of the intellectual life as contrasted with the political. Thus the idea emerged to create international institutes of world prominence to be established in Berlin". Ford Foundation's refusal to support the Institute marks to some extent a continuity with respect to the statement made in 1956 by Carroll when he resisted to the idea of a shift of his proposal of a national institute for management education into an Common Market business school. "I think- Thomas Carroll stated at that time- that a truly educational program would not deal so much with 'tasks and problems of the moment', but would increase the potentialities of the participants to cope with future problems as they arise" Thomas H. Carroll Letter to Frederick E. Scheven, 8 January 1958 quoted.



politician had the idea of creating a *Handelshochschule* whose goal was to train business men in the art of applying knowledge. According to Hans.Dieter.Meyer the *Handelshochschule*. which were created in different German cities, were largely based on American patterns (Meyer, 1996). From this point of view, after three decades of German resistance to become an active partner in the Fontainebleau institute's successful expansion, is the recent creation of a German INSEAD in Lipsia (where the first *Handelshochschule* became operational in 1898) a simple coincidence? Should one then consider that even German "obstinacy" has a differentiated geography which is based, as in the case of Cologne, on a selected historical memory of the years during which the *Handelshochschulen* tried (and failed) to be transformed into business schools type institutions? Should one consider that this obstinacy also found a limit in the behavior of leading German industrialists who, despite a phase of economic and "institutional" protectionism during the Fifties, nevertheless developed, management strategies which are largely inspired by American patterns?

## 2. Britain. Tansfer of models and social resistance

If Germany basically represents a case of evident resistance other national contexts reveals more ambivalent patterns.

This was particularly the case of Britain and Italy, where management, did not reach the status of an academic discipline until the end of the Fifties and even later.

In both cases resistance developed as an hidden factor, especially in Britain, where enthusiasm towards American management, was the product of "disparate, even competing, interests" (Tiratsoo 1996) rather than of a clear and general willingness to transplant American models.

In Italy hidden resistance was reinforced by the role of politics on educational policies and by the extremely limited development of interdisciplinary research which reduced the possibility of standardization of innovative work.

Despite the large number of attempts to introduce business administration curricula in several British educational institutions since the inter-wars period<sup>83</sup> a systematic action in this direction took place only in the Sixties. It came out in particular through the action of a new organization, the Foundation for

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<sup>83</sup> The first school of management, as a Department of Industrial Administration, was created in Manchester in 1918 in the College of Technology, rapidly followed by other schools of engineering in the most famous British Universities.

Management Education which” brought together under the flag of passionate admiration for the American system “one or two Harvard Alumni, several Tory M.P.S., the Chairman of the University Grants Committee and at least one recipient of Ford Foundation generosity” (Tiratsoo, 1996).

In 1963, the Parliamentary commission on Higher education, under the chairmanship of Lord Robbins, concluded that a major effort to establish high level business studies was necessary for the national interest. This report was followed by Lord Franks’ report on British business schools at the graduate level, one was to be jointly associated with the London School of Economics and Imperial College of the University of London and the other was to be associated with the Manchester University. Despite a climate of tensions and divisions, which produced controversial interpretations on how to conceive the new business schools (within or outside the University system, dependent or independent from the industrial system and its immediate needs; a curriculum to be based on accountancy or, on the contrary, teaching of a wide range of social sciences) and thanks to the role of mediator played by Lord Franks, two schools were established in 1965. Financial support of over £5 million came from the business community, as a result of the fund raising campaign for the new born enterprises, promoted by the Foundation for Management Education, which acted as the main pressure group to create Harvard-type institutions.

The Ford Foundation contributed with grants of \$1.000.000 for both the schools. In the following years Ford Foundation aided the University of Warwick to develop a management science research program with \$250,000. Ford Foundation strategic role was to act, along with FME, as the catalyser of pressure groups which represented only a part of a business community. which, moreover, as Charles Maier correctly observed, “did not possess the cultural hegemony”. From this point of view, in the British case, a basic transplant of the MBA models occurred in a situation of compromise which affected the subsequent development of the system.

As a general evidence, the British tradition was characterized before the Fifties by prevalence of “subsidiary courses in industrial engineering approach for students taking engineering degree”<sup>84</sup>, which was a different path from HBS’ model. This historical and institutional background certainly had some positive effects, in terms of short period tactic, in producing the kind of compromises which characterized the “sometimes half-hearted” commitment to transplant of

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<sup>84</sup> P. Armstrong, *The Abandonment of Productive Intervention in Management Teaching Syllabi. An Historical Analysis*, Warwick Papers in Industrial Relations, Number 15, June 1987.



American models. But, in the long term, along with the basic weakness of the British management movement, the historical background reinforced resistance to a strong and deep integration of American models within the British system, in which the dominant mental habitus still remained that of "learning by doing"..

The compromise behavior did not evolve in a process of true hybridization between British and American management: it rather produced an increasing difficult tactical combination of different patterns and the discordant cohabitation of British industrial engineering tradition and American management formal thought. Moreover compromises also affected the institutional life and organizational strategies of the new business schools. They were evident especially in the case of Manchester business school, particularly concerning the development of research which was considered crucial by Ford Foundation's "donors". A kind of compromise between the American model and the traditional British patterns was established at level of a doctoral degree program: a single research topic was patterned along the lines of American degree program which required a greater amount of advance course work. Despite the successful creation of academic channels for developing MBA curricula, strong resistance was still evident in the British social and industrial environment. Given the generally strong aversion to academic qualifications in most business quarters which became stronger when the dominant pattern in training strategies was perceived as a kind of universalistic applied behavior science, the "space of qualification" for British managers was significantly different from the American context. A main difference with the Italian case, at least until the early seventies was that the MBA was accepted with the British academic system. It had however a limited "market" within the business environment. The development of MBA was also limited by "technical-organizational" factors such as the matching strategy implied in the Franks report. This strategy was very close to Ford Foundation's basic policy of getting governments involved in the creation of new institutions: the schools should raise their funding in equal shares from the government and the business. Actually the "Manchester experiment" could be characterized as an attempt to balance American pressure to consider research "d'abord" with a strong development of executive programs. This orientation was supported by a more general tendency to develop criticism towards American models which is represented in EPA's report written by King and Gregoire in the late fifties, as previously stated. The main question related to the British case is whether or not it developed as a rather ambiguous consolidation of a compromise between a non-academic track and a process of soft academicization, with increasingly diminishing input towards research strategies. Personally I would argue that the lack of consideration of "national intellectual patterns", (that is the strong resistance to teach management as an abstracted model, independent from the particularity of technology and business practice) as

well as the weak consideration of the effects produced by increasing internationalization of management education, were among the factors which favored the crystallization of, a mere tactic, compromise behavior.

### **France: cooperation and selective appropriation**

The strategic role of France in the development of management training in Europe was clearly perceived by American observers and particularly by Harvard's professors since the early-mid Sixties, that is before Servan-Schreiber best seller. Harvard professors and particularly McArthur and Christensen were firmly convinced that what they do well at Harvard Business School was much more relevant and needed in Western Europe than in some of the underdeveloped parts of the world. The most important point of contact between HBS and Ford Foundation programs was related to the strengthening of international policies. John McArthur wrote in 1966:

"If France is unable to build and manage strong companies able to compete on their own in an international context, the Government is going to be called to an ever increasing extent to defend and support French business /../ The fundamental problem does not seem to be a lack of money. It is more a problem of creating a more general awareness of the need to do something different in this area and on a much more extensive scale than heretofore".<sup>85</sup>

This kind of judgement found a positive sound among Ford Foundation officers, especially among those who were already involved in social sciences programs in Paris. Actually the first grant to INSEAD in 1967 was related to such a climate. Equally strong were pressures to give support to the creation of a National Foundation for Management training and education. Ford Foundation positive reaction to the creation of FNEGE was certainly a product of the perception that the development of an international business community should ground itself on a national basis through the support of governments like in France as we shall see or mainly of business milieu as was in Britain, with the creation in the early Sixties of the Savoy group, as we have seen.

In France from the point of view of MBA market development in the early and mid-Sixties the situation was not different, and, to some extent worse than in Britain. This is particularly evident in the case of INSEAD, which extensively developed Harvard patterns, even by reducing the two year program to a one year program. In the late Sixties the situation rapidly changed, as a consequence of the mutual interaction of different circumstances:

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<sup>85</sup> John H. McArthur, Letter to R. Catalano [FFA, log 233].



- a high degree of consciousness of backwardness in educational strategies, diffused in the institutional and intellectual environment concerning social sciences, economics and industrial research as well as among high administration officials, especially in the milieu of the “*Ministère de l'Education Nationale*” and at the DGRST;
- the emerging leading role of a new technocratic elite which considered the necessity of complementary training in management research as a crucial requirement after traditional studies within the “*grandes écoles*” (ENA, Polytechnique, ENS, HEC), especially in big companies like Pechiney, Saint Gobain, l'Oreal whose PDG accepted and supported the development of the leading role for new managerial hierarchies;
- the impulsion to introduce innovative changes; and
- finally the decision of the government (especially though M. Debré's impulsion) to act as an instrument of pressure in catalysing this movement, with the agreement of CNPF and des *Chambres de Commerce*.

This lead, in the turbulences of 1968, to the Creation of the *Fondation Nationale pour l'Enseignement de la Gestion des Entreprises* (FNEGE). It was the product of an “*urgente mission nationale*”. J.Y. Eichenberger, president of the Board wrote,

“Les fondateurs ont marqué l'importance nationale de l'oeuvre a entreprendre ././ afin que la France ait un enseignement de la gestion digne de l'avenir qu'elle veut se forger. ././ La France manque de professeurs de gestion././ En prenant à pleines mains le problème de la formation des formateurs, elle a la certitude d'être sur la bonne voie”<sup>86</sup>.

The role of FNEGE was different from the role of the British FME. The latter was basically a pressure group to get the necessary resources to start new institutions. Whereas, FNEGE acted rather as a cultural entrepreneur, developing negotiations and cooperation activities with and among institutional actors, like representatives of French business schools (INSEAD, HEC-ISA, Dauphine, ESSEC and finally the IAE, which thanks to the initiative of Pierre Tabatoni, the creator, in the early fifties, of this institution located in different French cities, started a new doctoral program in “*Sciences de l'Organisation*”<sup>87</sup>), as well as

<sup>86</sup> Bulletin intérieur d'information de la Fondation Nationale pour l'enseignement de la gestion des entreprises, juillet 1971.

<sup>87</sup> The Ford Foundation supported the project with a grant of \$ 300.000 for a period of four years, which was administered through ELASM in Brussels [FFA Reel 2304 grant n° 472354 IAE Programme de Doctorat, CEROG (Centre d'Etudes et de Recherches sur les Organisation et la Gestion Statut]. It is interesting to observe that the main goal of the new center established in 1973 was to compensate “absence d'une véritable école de pensée française en gestion”.

representatives of State bureaucracy and of different industrial sectors (especially at the level of middle enterprises.

The implementation of cooperation patterns and organisational initiatives in research fields was strongly favoured by the action of interstitial actors like Pierre Tabatoni, an adviser to the Minister of Education, who became Chairman of FNEGE's Board. Tabatoni had a crucial role in developing contacts between FNEGE and the Ford Foundation. Actually the HE&R staff worked closely with the French Foundation helping to shape its general policy, for example, "assisting in the negotiations with a number of universities in this countries to establish special programs of training. In addition we have provided American consultants and visiting Faculty members to help French institutions to design new curricula"<sup>88</sup>. Pierre Tabatoni's role was particularly relevant in establishing a program to set up in Paris a Center for the development of management teaching and research. "The objective of the center," - stated a Ford Foundation report- "would be to work out the structure, sequence and content of management curricula that could develop within the French University."

The program was based on cooperation activities between the Graduate school of Management at Vanderblit University, under the direction of Igor Ansoff and the University of Aix en Provence, under the direction of Tabatoni. The program received a grant of \$150.000 and was based on cooperation not only with FNEGE activities but also with the teaching staff of the Université Paris-Dauphine, the first Ministry-sponsored business school in France, which should also be considered as a creation of Tabatoni's.

The main goal of the new Centre was not to implement French operational research and behaviour sciences but also to strengthen their application to managerial problems in a systematic way. The Centre was expected to serve as the focal point for a variety of activities that should contribute to the French management education system. For example, its role was to screen and nominate students for graduate programs and overseas fellowships (in connection with FNEGE main goals) and develop a case-studies clearing house (in cooperation with the other French business schools).

The behaviour of the French professors and FNEGE representatives vis-à-vis their American partners was inspired to an attentive control of cooperation activities improvement. Take for example a report sent by Philip Agid to M. Robinson in 1973 concerning the activity of the Center:

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<sup>88</sup> Vanderblit University, Grant approval [FFA Reel 7012 Grant n° 76248 Section 1]



"The American professors who came last year were well appreciated on the whole /.../- Agid observed- "meanwhile, some remarks which do not implicate their competence but their behaviour, were often mentioned. They do not seem sufficiently concerned/.../ Links with the practical world are not or little mentioned. No or almost no discussion about the environment differences and the process of adaptation. No commitment. Often they exposed writings and research that were already well known by the public. Teaching methods were sometimes too didactic. It would be necessary to set small group of discussions, in order to /.../ envisage the transfer at the French level. In conclusion of these different remarks recommendations have been made/.../ that the outlines and the names of the professors to be invited should be prepared by competent French professors /.../ instead of having contents and men not in good correlation with the existing preoccupation in the French environment Finally there is no necessity to have three American professors. Certain French and European professors who attended the seminars felt that they could have said as well or more than certain of the lecturers."<sup>89</sup>

## Competitive-Cooperation

### INSEAD's Challenges

This orientation to stress French competitiveness was supported by some relevant changes in management studies approach. The creation of the Parisian center occurred at a crucial period which was characterized by the rapid development of *strategic management* approach, (whose leading scholar was Igor Ansoff). The diffusion of this new model implied that stronger attention be paid to the problems of organizational strategies in firms and companies policies, as well as in the building of institutions, as part of a system in which business schools, (not differently from firms and companies), should confront themselves not only with their traditional product-market environment, (the MBA market for example and in general the market of education), but also with government, societies, and international associations. This implied also, for educational enterprises, stronger attention to diversification of products and to institutional development strategy. Managing an international outlook and leading cooperation activities became a relevant factor in a process of increasing competition among European schools.

The case of French institutions (INSEAD, Dauphine and FNEGE and also to some extent HEC) is particularly interesting from this point of view. ISA's

<sup>89</sup> Ph. Agid Letter to M. Robinson March 18, 1973 [FFA Reel 1248, Grant n° 755229 section 4].

experiments of introducing MBA curricula within a rather traditional *ecole de commerce*, were not limited to the simple transplant of American models, but also to the adaptation of those models to strategic institutional goals. Especially in the case of INSEAD this behaviour was devoted to developing international competitiveness, not only with other schools in Europe but also vis-à-vis American schools. Since 1967 INSEAD had developed an articulated strategy of cooperation with different American Universities and business schools, not only with Harvard but also with Stanford<sup>90</sup>, Columbia, and North-western.

Moreover an important change in the “leadership” of the Institute, due to the creation of a new deanship, academic rather than merely administrative, was emphasized by a research conference, which included a paper on “The Evolution of the Multinational Company and its Implications on Management Education” by L. Remmers and on “Strategy and Design for a European Management School” and was held with OECD’s cooperation.

It should be stressed that, since the early Seventies, OECD became a crucial actor in science policy thanks to Alexander King’s role as Director of the Office for Scientific Affairs and the creation of an “ad hoc group” whose role was to strengthen research and cooperation strategies among governments and nations in different fields, including an increasing interest, as we shall see, in management and management education. This became particularly evident with the 1971 conference - *European Long-Range Planning Exercise* through which INSEAD developed a competitive advantage in strengthening its relationships with OECD’s networks. The main subject of the 1971 conference, related to the processes of organization and differentiation of international institutions in business education’s “environment”, had a clear strategic relation with INSEAD’s new institutional phase. As in the case of Vanderbilt, where an American “agent”, Igor Ansoff, managed a process of translation of American patterns to the French context, in the case of INSEAD, Dean Berry, an American born professional dean, with a large knowledge of Europe, as a former Fulbright young fellow, in the UK and, later on, as a London Business school’s professor, managed a process of adapting INSEAD’s structure to a “long term planning” strategy.

This process, virtually oriented to the implementation of *research d’abord*, as a main pattern in Ford Foundation’s policy, was however characterized by the insertion of “timing patterns” which were based on the autopoietic system of the Institute. It consisted in transforming constraints (such as total lack of support

<sup>90</sup> The program with Stanford included Business Policy and Top management, Financial Management Behavioural sciences for management but also courses which were not typical of HBS syllabus such as Quantitative methods and European and International environment.



from the University system and a limited MBA market) into opportunities (such as a flexible interaction with the business environment and the creation of educational differentiated products whose success could have effects also in the implementation of MBA market). Actually in the early seventies INSEAD particularly developed continuing education programs, including research activities, rather than research as a dominant goal strategically oriented to the creation of a graduate studies program, which was introduced only in the late Eighties.

Paradoxically the growth of this contrasting orientation toward the basic goals of American policy in Europe was one of the effects of the Ford Foundation's conspicuous grant to INSEAD (\$1.000.000), strongly recommended by leading personalities in the board of trustees of the Foundation, who were very closed to the social environment of INSEAD, like Georges Frederic Doriot and especially John Loudon who was a Trustee of the American Foundation. The Ford Foundation's grant which followed the long term planning designed by the new dean of the Institute, Dean Berry, in 1971, allowed the stabilisation of INSEAD's faculty. It also stimulated, as a consequence of its financial constraints (which was based on a system of matching, by imposing for \$1 of American support the capacity of the Institute to find an autonomous financing of \$1,50) the necessity of developing larger and permanent contacts with the entrepreneurial environment and first of all the impulsion to organize a structure of fund raising progressively integrated with research and development strategies.

This new impulsion led to the creation of CEDEP, a structure of continuing education which is conceived according to "Club patterns". Each enterprise which participates to CEDEP's programs should subscribe to its programs for almost five years, while developing a progressive re-integration of the managers who followed these programs inside the different sectors of the firm. Moreover, the new CEDEP subscribers, in order to become partners, should have the agreement of the other members.

CEDEP was only an element of the process of institutional differentiation of the Fontainebleau's institute which progressively implied a change of its size. The stabilization of INSEAD's faculty allowed, in fact, a more differentiated and articulated version of the Institute's programs. MBA programs were complemented not only by continuing education programs, but also by a rapidly expanding "executive program" which was crucial in developing a productive relationship with the entrepreneurial environment. One should note that in the early seventies this orientation was prevalent also in Belgium, particularly through the Deurinck-Revans project whose goal was to develop an *Inter-University Programs for Advanced Management*. The idea that simply "transplanting"

models was not the best path to improve management training and performances was shared also by the new Management Institute in Sweden.

In the long term, the strengthening of links with the entrepreneurial milieu became not only a good opportunity but also a challenge in reverse. Indeed, what seems to differentiate INSEAD's development from the evolution of American schools in the last decades is more the capacity of the Fontainebleau's institute of "internalizing" a complex environment. This is related to different social systems, rather than its growth as an academic institution with its own program of Ph.D. studies which, actually, is only a recent acquisition of the Institute. The growth of INSEAD's academic excellence seems to be the product rather than the cause of its institutional growth which has primarily implied a strategic commitment in simultaneously strengthening, through a shared trans-national focus, its different sectors (MBA, executive programs, continuing education, academic research, fund raising).

The most relevant effect of this strategic orientation is the consolidation of an institutional dynamic which could be described through Alfred Chandler's theoretical terms: INSEAD developed its structure following the variations of a strategic design whose steps and stages were related to the Institute's progressive changes of "size". The non calculated effect of this rational choice was the growth of a synergetic interface between INSEAD's two aims, that of an academic institution and an enterprise capable to stimulate and even create its own markets.

The external factors are also relevant, particularly the fact that the crucial shift of INSEAD from a training institute to an educational structure occurred in the mid-seventies, when not only the international, economic and financial context changed in a dramatic way, but also the system of European-American relationships met a crucial turning point. Paradoxically 1973, which was declared by Henry Kissinger the European year, was also the main entrance to a critical period. On this subject, a key actor (the American ambassador at the European Communities, Robert Schaetzel) affirmed:

*"Dans la période antérieure, l'accent dans les relations américano-européennes était sur la co-opération, la tension était présente mais manifestement au second plan. En 1970, cet accent était renversé désormais".*

As a matter of fact, many elements, such as changing priorities in American foreign policy, loss of legitimacy of US global hegemony, as a consequence of the Vietnam war, coupled with International economic and financial crisis,



converged to create a troublesome period in the European-American relationships.

Incidentally, (from this point of view which is not however the unique relevant factor of implementation of new European behaviour vis-à-vis American policy, as I have tried to show previously) it is not surprising to observe that the relationships between the Ford Foundation and its Western European partners were increasingly inspired to competitive - cooperation patterns rather than to imitation and transfer of models.

Of course the way in which International institutions developed was not always the same. Take for example the case of CEI in Geneva which, actually, was the most active International management institution in the European continent to cooperate in supporting Ford Foundation programs in Eastern European countries' management training.

"The CEI Director, Bobdan Hawrylyshyn, who is a Canadian born in Ukraine, gave special emphasis in contacts with socialist countries /.../ Indeed CEI is the only Western institution that regularly has in its program executives from the Soviet Union".

Therefore it is not surprising that the Centre d'Etudes Industrielles of Geneva was considered by the American officers as "the most broadly and deeply international" among the other European business schools.

### **Networks Approach versus Centralized Institutions: from the Killian Project to the International Institute for Management of Technology**

Internationalization processes became a fundamental issue in negotiation strategies related to scientific policy and the resistance to the creation of centralized institutions under American control, in the European territory, was a most relevant factor in producing competitive-cooperation, behaviour and strategy. We have mentioned INSEAD's resistance to the creation of a European Harvard Business School at Mont Pelerin. Actually it was just one of several phenomena of resistance to the creation of centralized institutions led by Americans which characterized the European scene since the early Sixties, especially in the French case.

The history of the Killian project, which to some extent prepared the background for the debate on the "technological gap" is very illuminating. In October 1960, James Killian, advisor to the then US President, Dwight D. Eisenhower and President of M.I.T. wrote the following to L. Neel, Head of the Laboratoire d'Physique de l'Université de Grenoble and French Delegate to NATO:

"Vous vous souvenez que le Comité scientifique au cours de mon examen du rapport sur l'amélioration de l'efficacité de la science occidentale à sa dernière réunion a approuvé deux propositions Les deux propositions étaient relatives à l'installation de groupes d'études chargés d'étudier respectivement la création éventuelle d'un institut de la science et de la technologie et d'un autre institut de soutien à la science. En conséquence je crois nécessaire de solliciter votre aide pour obtenir des informations sur les conditions particulières à votre pays././ Comme première approche dans notre examen plus approfondi /./ J'attacherai un grand prix à votre réponse au questionnaire joint à l'annexe de cette lettre"<sup>91</sup>

The questionnaire, actually a very punctual inquiry on the technical and social condition of scientific production and policies, was the first step towards a larger project of creating a European M.I.T.

The report of the Killian working group presented in a NATO document (CM - 61-85) led to the proposal that "a fully centralized Institute be created in the form of a post-graduate University embracing some five centers or divisions covering various fields of science and technology defined in very broad terms."<sup>92</sup>

The project was discussed intensively during the following two years (a very delicate period in the history of European integration as well as in European-American relations) and generated strong resistance, at both political and diplomatic levels, particularly in the French Ministry of Defence's high quarters. This resistance was at the origins of a British alternative project which tried to realize a compromise between American and French positions.

"In a number of quarters doubts have been expressed whether the proposal in its present form does in fact represent the best solution in view of the present conditions and long-term needs of Western Europe."

it was declared in a common report of July 1962-

"Europe has a large number of great national institutions - universities, technical universities and colleges - each reflecting in some measure the social and cultural background of its own country. /./ The difficulty of adapting existing long-established institutions to fit new patterns of scientific education is great and /./ the achievement of such adaptation, without added stimulus, might take a longer time than the Western

<sup>91</sup> J. Killian, Letter to L. Neel, October 27, 1960 French National Archives (Mission des Archives Nationales auprès du Ministère de la Recherche) 92548 art. 20. For details on the questionnaire see 77321 art. 320: 1960-61 and Neel responses.

<sup>92</sup> Affaire Project Killian. Institut International de Science et Technologie. An alternative proposal arising from a meeting between United States, French and British representatives on July 16th and 17th 1962. (Mission des Archives Nationales auprès du Ministère de la Recherche) 920548 art. 20.



world can afford. But it could equally be argued that such a change might be more rapidly attained by producing a number of centers spread over the Western countries and associated with existing institutions, where new principles were being applied and that the creation of a single international institution of the size proposed, located of necessity in one country alone might fail to exercise any significant effect on the overall patterns of scientific education, although it might well be of substantial advantage to the country in which it was located /../ Such considerations as these would suggest that an international institute which was not centralized but which consisted of a group of dispersed centers each associated by its location with an existing institution would be more appropriated to our needs /../ This arrangements would permit at a later date, if it were considered desirable, the addition of new centers of expansion of existing ones according to new needs as they arose. All centers would be under the control of the Institute which would give a doctorate degree having international recognition /../ The institute should be established by convention (or treaty) between the founding governments. This convention would set up a council of governmental representatives which would control the size and general character and cost of the institute /../ The location of headquarters and of the centers would require governmental approval, but should be determined primarily on grounds of scientific technological and educational advantages on the advice of a special body of mainly scientific composition set up to assess the alternative possibilities.”<sup>93</sup>

This report was followed by “comments” from different national perspectives. While the Americans confirmed their initial position in favour of a centralized institution, the French mission represented by M. Poignant (maitre de requêtes au Conseil d’Etat) et M François Charles-Roux (Directeur adjoint des Affaires Culturels et Techniques) clearly declared their opposition to the creation of this institution within NATO<sup>94</sup>. This position was officially supported by M. Couve de Murville during the Atlantic Council Meeting in Athens and was also shared in the official milieu of research and University policy at the point that Professor Goetz member of the DGRST, declared that in the Killan project “c’est la notion de domination qui apparaît et non celle de compétition ou de concurrence.”<sup>95</sup>

The French position was rather paradoxical if one considers that the Killian project had originated from the recommendations of the *Groupe d’Etude Louis Armand*, (Former EURATOM President) *sur les Moyens propres à renforcer le potentiel scientifique du monde occidental*. Created, in 1957, with the support of the Ford Foundation and NATO’s Scientific Committee, The Groupe Armand was composed of outstanding personalities from Germany, Belgium, Britain, Italy and the US and that the project itself had been studied and obtained the agreement of leading figures in French science policy like A. Piganiol, *Délégué*

<sup>93</sup> Ivi pp. 3-4.

<sup>94</sup> Ministère des Affaires étrangères 29 juin 1962, Instructions pour la mission française (Mission des Archives Nationales auprès du Ministère de la Recherche) 920548 art. 20.

<sup>95</sup> French National Archive Fontainebleau Contemporary Section 810401 art.54/123.

*général à la recherche scientifique et technique.* (DGRST). It should be said that at the DGRST opinions on the project were rather divergent.

But certainly the Foreign office and Army's head quarters were the most hostile. On the French side the dominant suspicion was based on the idea that,

"l'énorme avance américaine en matière de découvertes technologiques ne peut masquer le fait que la presque totalité des découvertes fondamentales sont l'oeuvre de chercheurs européens /../ d'où le désir de conserver par le moyen d'un institut international une tête de pont européenne permettant de n'être pas coupé des travaux européens en matière de recherche fondamentale"<sup>96</sup>.

At the same time, however, the French officials advanced a general, but rather ambivalent, support to the British counter-proposal, which however remained very unclear in what concerned American participation and financial support to the "new" version of the Killian project. Actually this was considered a crucial point from the French point of view. But this was not the only element of resistance. Actually, since October 1961 French officials had expressed their strong critiques to the entire project, as stated in a report sent by the Chef d'Etat - Major Général de la Defense Nationale to the French Foreign Office. and to the Ministry of Finance and Economic affairs.

"Il faut regretter que contrairement au mandat qu'il avait reçu, le groupe de travail Killian n'ait pas su procéder à un véritable inventaire des domaines d'activités éventuelles de l'Institut, son rapport apparaissant sur ce point plus affirmatif que convaincant. Il faut le regretter d'autant plus qu'au débat permanent entre les impératifs de la coopération et les objectifs nationaux, il n'est d'issue possible /../ que dans un examen conduit secteur par secteur, avec un minimum de rigueur et permettant au moins à chacun de se déterminer sur un bilan de ce que, dans une mise en commun des efforts sur le plan de l'alliance il apportera et de ce qu'il retirera"<sup>97</sup>.

The French position, which was clearly opposed to the idea of helping NATO in collecting information on European developments in applied research and technology, was much more favourable to OECD policy.

OECD's aim was principally to strengthen internationalisation of existing institutions and to develop cooperation among scholars, eventually through the support of a Fondation Nationale des Sciences,

<sup>96</sup> Secret-confidentiel, Etat-Major Général de la défense nationale, Rapport 31 octobre 1961 (Mission des Archives Nationales auprès du Ministère de la Recherche) 920548 art. 20: 1961-63 and 810401 art. 60: 1961 (Projet d'Etat-Major de la défense nationale, projet Killian) p. 11.

<sup>97</sup> Ivi, pp. 5-6.



“qui pourrait rappeler le National Science Foundation. /../ A la différence de ce qui s’est fait dans le cadre de l’OTAN,” -the report of october 1961 stated- “où les représentants nationaux n’ont été associés que tardivement au projet, un représentant français a été associé dès leur origine à toutes les études de projets européens faites soit dans le cadre de l’OECD soit au sein des communautés”.

It should be recalled that the project of an international Institute and the idea of creating a Science Foundation was not considered as an opposite program in the first Armand group’s report.

Despite some favourable voices especially at the level of the Comité Consultatif de la Recherche Scientifique et Technique, where one of the delegates affirmed that

“le principal avantage de l’International Institute est de réaliser une discontinuité dans l’évolution très lente de nos structures /étant/ un très utile instrument de décloisonnement scientifique en Europe occidentale”<sup>98</sup>.

Thus under the increasing pressure of the French opposition the Killian project was abandoned. It left however some relevant traces, which are evident in two other different projects. The first one led, after long negotiations to the creation of the first “noyau” of the European Science Foundation<sup>99</sup>, as most of the French officials expected. The second one, five years after Killian Institute’s withdrawal, originated from an OECD proposal, in which also the Ford Foundation was involved. The Killian project left another relevant legacy that I shall explore in some detail, analyzing the origins of cooperation strategies among European business schools in the late sixties and early seventies. This legacy is principally related to the diffusion of recurrent behaviour among French social actors, (which became independent from gaullist ideology) and also among European leading personalities in research and science policy-making) in refusing to give support to the creation of centralized international institution.

This behaviour was particularly evident when the creation of an International Institute for Computing Technology and Research was proposed with NATO support. The main reason to vote against this proposal was(as it was declared by the official at the DGRST who found, with few exceptions, the support of the

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<sup>98</sup> R. Latarjet, *Remarques sur la création d’un institut international (projet Killian)*, (Mission des Archives Nationales auprès du Ministère de la Recherche, 81/401, carton 54/liasse 125, n. 123 Comité Consultatif de la Recherche Scientifique et technique) 126/CC2/D.117 Annexe du compte rendu de la réunion du 1e décembre 1961.

<sup>99</sup> The effects of the Killian project, from this point of view, have been analysed by G. Darmon, “European Science Foundation: a Tool for a European Science Policy” (to be published in *Minerva*).

French Army's head quarters) the strong concurrence of the new center vis-à-vis the International Center of Computing created by the UNESCO in Rome.<sup>100</sup>

However in the case of the OECD's project in 1969, of creating, an International Institute for Management of Technology, "à l'image du Massachusetts Institute of Technology", other factors intervened to produce the failure of an institution which remains one of the few attempts to centralize European management education. IIMT's project had its origins in the crucial phase of the debate on the, real or imagined, technological and managerial gap.

"The motivation for the Institute,"- Peter de Janosi wrote- "came from ././ the resulting fears of the Europeans that IBM would ultimately take-over the world."

This was also the period of acceleration in the process of internationalization of European Business Schools. Then it is not surprising that among the members of the Commission which wrote the preliminary reports<sup>101</sup> on the project there was one of the pioneers of INSEAD, Olivier Giscard d'Estaing. (The other "pioneers" were Alexander King from OECD and E. Pestel of the University of Hannover who later on became the vice chairman of the governing board of the Institute).

The design of the new institute, which entered into its operational phase in 1972 directed by a German scientist M. Seetzin, was produced by a young British freelance consultant of the Scientific Affairs Directorate at the OECD, J. A. Cade.

The basic idea was to create,

"un organe international financé par l'industrie, [principally IBM Europe, British Petroleum and Royal Dutch Shell Groups], et les gouvernements d'un certain nombre de pays qui aura pour but de contribuer à améliorer la gestion des systèmes technologiques hautement complexes par le biais de ses programmes de formation et de recherche ././ L'accord intergouvernemental portant à la création de l'institut sera ouvert à tous les pays Membres de l'OCDE ainsi qu'à d'autres pays sur invitation. Les sociétés et organismes qui s'engagent à verser au minimum une somme équivalente à \$10,000 dollars par an pendant trois ans pourront devenir membres de l'assemblée générale"<sup>102</sup>.

<sup>100</sup> French National Archives, Fontainebleau, Section Contemporaine 810244 art. 197: 1969-71 and Mission des Archives Nationales auprès du Ministère de la Recherche: 121 art 6, Projet de création d'un Institut informatique international 1967-70.

<sup>101</sup> *Ecarts technologiques entre pays membres*, Paris, OCDE 1968, *Rapport de la Commission d'étude sur la création d'un Institut Européen de la science et de la Technologie*, par O. Giscard d'Estaing, E. Pestel and A. King, Paris, Hanover, 1968.

<sup>102</sup> J.A. Cade, *Un centre d'excellence pour le perfectionnement de la gestion: L'institut International de Gestion de la Technologie*, OECD Bulletin, 1972, pp. 43-47.



The strategic impact of this institution, as intended by its promoters (particularly Alexander King) was to try to correct the excessive autonomisation of "management thought" and educational abstract patterns by developing neglected factors such as product innovation and engineering in order to re integrate the original link between productive expertise and management. The "core network" of IIMT, basically formed by German and British scholars, was supposed to strengthen this orientation, and to stimulate an interactive mutual fertilization between business administration and industrial engineering by developing pattern which were more similar to German and to some extent also to British tradition<sup>103</sup>.

Despite the prestigious "affiche" of the Institute, ("A sizeable faculty was appointed as well as various support staff. All together about 50 people were assembled, some with relatively long term contracts and the Institute was started with much fanfare"<sup>104</sup>) definition of its goals- and effective performances in terms of training and research- remained very flue. The Ford Foundation however supported the institution, in 1973, with a relatively small grant \$100,000. An investment which, a few years later emerged as a complete disaster. In 1978 IIMT no longer existed, and according to Ford Foundation's officer De Janosi "the closing down of an intergovernmental research and training institute, not for reasons of war, pestilence or other calamity, is a unique event and well worth the attention of a sensitive historian".

At the beginning however this grant had generated moderate enthusiasm. It was part of the last grants for the European program and was approved with other prestigious programs: a grant of \$250,000 to the International Institute of Management in Berlin and a grant of \$3000,000 for the European Doctoral Fellowship Program in Management Education. Its establishment in Milan, the location, in the 16th century, of the "Convento delle Stelline" (renovated by the City of Milan), was probably a factor which favoured that enthusiasm, at least in the initial phase, considering that this area of Italy could be a very dynamic one. Since the beginning of the project however, Ford Foundation's officers had the clear impression that IIMT would be essentially a middle-management school and could not develop first rate research. One should remember that in the (very early) seventies there was some perception that a new Italian renaissance in educational strategies and especially in management education could develop. Since the mid-Sixties the Ford Foundation had made conspicuous grants to the

<sup>103</sup> Interview of the Author with Alexander King, London June 9, 1996.

<sup>104</sup> Peter E. de Janosi, *Visit to International Institue for the Management of Technology, Milan* June 5, 1975 [FFA Reel 1366 Grant n° 73222 section 2].

Olivetti Foundation to develop graduate studies and research in social sciences and economics, and an Italian program for the Development of Management Education was envisaged, under the leadership of the "Agnelli Foundation" which since its creation in 1967, has also been very active in stimulating conferences and studies on the "technological gap".

Expectations of a leading role to be played by the Agnelli Foundation- especially through the initiative taken by its director Ubaldo Scassellati- were particularly high in 1971. In a Memorandum of March 1971 Marshall Robinson wrote,

"The Agnelli undertaking is based in part on a pending agreement with an organized confederation of about 80,000 Italian enterprises and calls for approximately \$1,000,000 to be raised and put at disposal of the Agnelli Foundation for building up a cadre of teachers and developing management education institutions. The decision have been taken in principle and presumably in the next month or so the final steps will be made that will release this \$1,000,000 to the Agnelli Foundation. Simultaneously, the Agnelli people have begun to pull together the existing training and business schools and have caused them to start talking one another"<sup>105</sup>.

Perhaps Marshall Robinson, had good reasons to be so optimistic but in the next month however several facts demolished his hopes. The Agnelli Foundation launched the "Valletta project" which, according to the documents I have collected and several interviews with the participants, was a very unclear and ambiguous project. The project was related more to the necessity to control a new generation of sociologists, psychologists and social experts in order to limit the development of an intelligentsia supporting political extremism and social protest within the industrial framework. Moreover the support given by the Foundation to association strategies of Italian Business Schools was limited to a grant of Italian Lire 750.000 (more or less \$300) and a secretarial service. The project with the Confindustria proved to be as relevant as promised. Actually, it generated a positive experiment of the insertion of young graduate students (who later on became full professors in Italian University) within the European Institute for Advanced Management Studies. This experiment was however of short duration. In what concerns the director of the *Fondazione*, Scassellati, one should recall that he was the main character (or the "victim"?) of a big political scandal in which he was accused of having prepared a rightist "push". As an immediate consequence he was removed from his place at the Agnelli Foundation, resulting in the abandonment of the original project, which was to become a Foundation in the American style.

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<sup>105</sup> Marshall Robinson memorandum International Institute for the Management of Technology Milan, March 1, 1971[FFA Reel 1366 Grant n° 73222 section 3 ]



This narrative report of Italian events leads to more general considerations. I would argue that the creation of a centralized institution was probably easier in a peripheral country like Italy than in other countries like Germany and England. The rather unstructured patterns of Italian management could create a positive support, (in terms of “backwardness possible advantages”) but there was also the danger of the “enclosure” effect which was not new in Italy. For an institution like IIMT it determined probably a total impossibility to “oxygenate”. It should be added that considering the Italian structural environment and in particular the failure in reforming faculties of engineering by introducing training courses in industrial engineering, it was rather euphemistic to expect, a rapid and intensive development of research in applied technology, starting from an “Italian location”. Innovation in the early seventies came, mostly, from the role played by the IPSOA’ Diaspora in creating new institutions- including ASFOR (which is a good illustration of the *epsilon effect* I have described above) and by a new generation of scholars trained through the ITP programs, as stated before.

### **The Origins of European Business Schools’ Networks**

Considering the reasons which produced the failure in the experiments I have described above, European reactions against the idea of creating a centralized institution to manage doctoral programs does not appear to have been an exception. Before developing a detailed analysis of the stream of actions which led to the creation of the first European Business School Network, as a possible reply to American pressure to start a centralized institution, some methodological considerations should be developed.

The first element which characterizes network systems is their orientation to transform themselves into meta-organisations, implying the interaction of more than one institutional actor. A second relevant factor is the emergence of a dynamism created by internal contradictions related both to social actors’ strategic goals and to the interplaying of different institutional models within a focal organization. One should then consider that:

a) Social actors who participate to the network’s dynamics, develop strategic behaviours, whose main goal is to obtain the best advantages within the network itself, competing with other social actors who share the same aim. In such a process they can not only act according to their own institutional patterns by attempting to merely reproduce them. Instead they may have to adapt their own taken-for-granted structural assumption to a rather undetermined and very dynamic strategy, by developing anticipatory actions.

b) Social actors try to become indispensable, that is to occupy a position which implies constraints not only to other participants but also to the actors themselves. They can react to this static situation by creating new external interactions and new circulation strategies or, on the contrary, by strengthening their position within the network, fostering its hierarchical structure and rational procedures to the detriment of its dynamism and of strategic flexibility. Of course one can perceive a lot of intermediate social behaviours which are the product of the interplaying of multiple non intentional factors.

The focal level of the analysis is then the study of an unstable equilibrium among different institutional, functional and social poles, characterized by a high level of heterogeneity and by asymmetrical positions within the network and its environment.

In the case of European business schools' associations this environment is particularly complex because it implies educational institutions as well as the entrepreneurial milieu and their respective "markets"- as suggested by Herbert Simon. Network dynamics demand in this case an intensive work of translation and continuing presence of *interstitial actors* who are able to control different sectors of social competence as well as to organise different "local", "national" or "institutional" strategies. "En réalité la description d'un réseau passe par celle de la circulation/transformation (capitalisation des intermédiaires)" (Callon 1989). This implies that one institution could control more than one network or that one network could produce the colonisation of other networks (network of networks). In the case of the first European business schools' associations, for example, the interplay among different networks was largely qualified by the role of the Ford Foundation in financing and orienting their activity.

"L'allocation des ressources financières est un des éléments essentiels de la mise en forme et de la consolidation des réseaux. /.../. Le financier ne se contente plus d'évaluer des rentabilités incertaines /.../. Il se met en position de créer des synergies, de faire des propositions, d'associer des entreprises" (Callon, 1991).

In order to understand the origins and development of European Business School networks one should firstly consider the competitive advantage that Belgium acquired through the stream of actions produced by a leading figure in European management educational development, Gaston Deurinck, the founder of the Belgian Productivity Centre and of the *Fondation Industrie Université*.

Unlike other European Centers which were still rather isolated, the Belgian Productivity Center was characterized, since the Fifties, (as we have seen in the first part of this work), by a strong orientation to co-ordinate *at a national level*



efforts to improve the quality of management. Instead of considering management education as a peculiar subject of a totally new kind of institution, separated from the University system, as happened for example in Italy, Deurinck insisted in developing a strategy of legitimization of management education inside and with the cooperation of the main Universities in the country.

The anticipatory behaviour in Deurinck's strategy was to develop this organizational activity into an international context. This orientation gave to the Belgian Productivity Center a competitive advantage in organizing European cooperation strategies.

Deurinck was perfectly aware of this role: "Belgium" - he wrote - "could be considered as a European pilot-case in this field and indeed the Ford Foundation grant was made on the understanding, institutionalized through the meeting of the heads of productivity centres within the E.P.A., that the experiences gained by the Belgians should be shared with their European colleagues". Deurinck attempted firstly to diffuse this behaviour to institutions with the same characteristics of the Belgian centers, through the European Productivity Agency programs. "Such contacts," - according to Deurinck - "proved useful but insufficient, both because of the heterogeneity of the participants and the infrequency of the meetings. A need was felt for closer cooperation with the best institutes of business administration in other European countries. This need was met with the establishment, on the initiative of the *Fondation Industrie-Université* of the *European Association of Management Training Centers*, in 1959".

### **Representative Cooperation: the origins of EAMTC (European Association of Management Training Centers)**

This initiative coincided with the beginning of a new phase in European management education development, which lasted until the mid-sixties. This phase was characterized on the one hand, by a process of differentiation in typology and size among European institutes and training centers, and on the other by a strong impulsion to gain a better understanding of cultural similarities and differences. This understanding implied the development of a double path where the dominant orientation to standardize European institutional patterns and educational strategies imitating American models, was progressively counter-balanced by a process of hybridization of patterns and strategies according to national and local cultural traditions and social context.

However, this process of differentiation concerned the international networks only to a lower extent. It is true that especially after the dissolution of EPA, a need to introduce selection criteria in association strategies was largely felt. This

was actually one of the EAMTC's aims. Nevertheless, during the early sixties, the European networks grew in membership number, but they still remained undifferentiated in their qualitative patterns. EAMTC's membership was largely heterogeneous. It included in fact European business schools of different size, created outside the national university system, such as the new born INSEAD in France, IESE in Spain and ISIDA in Italy, as well as schools and centers which were part of an already established University, such as Manchester University in England, the Université Catholique de Louvain and the Instituts d'Administration des Entreprises which depended upon French Universities. The basic function of EAMTC. was to share information among different training centers and to legitimise their existence vis-à-vis other older academic institutions than to co-operate in creating an institutional design or in elaborating an educational strategy. EAMTC was more similar to a rather informal sociability area than to a Research and Development network.

Moreover the new association risked duplication of the role and activities of an already existing network, the *International University Contact for Management Education*, created in Rotterdam in 1952. The main difference between IUC and EAMTC was that the former grouped *mainly but not exclusively*, individual management teachers on a university level and the latter grouped institutions.

Their goals were, however, similar. They were mostly related to the diffusion of information concerning teaching and training strategies, and to developing contacts with the entrepreneurial milieu and to strengthening organisational management of the member institutions. The main risk for both institutions was that they had a real *representativity* but not yet a sufficient *selectivity*. This situation implied also a reduction of networks' dynamism in terms of limiting concurrence among centres by mean of association strategies, (this effect has been described by François Bourricaud as "institutional lethargy"). As a result, the increasing involvement of the Ford Foundation in European management education became crucial.

As we have already seen, Ford Foundation intervention in the European scene progressively complicated the picture of cooperation strategies introducing new elements of competition among institutions and inside their networks. Competition became particularly strong among international schools and international networks in promoting a European common doctrine and style in training for business management, which was already - as we have seen- a shared goal among the leading individuals and institutions in the pioneer phase of European management education, in the early Fifties. Competition among social and institutional actors (schools and networks or even schools within the same network), among national agencies and even, since the early seventies, among



"continents" (Europe and the United States) as an unexpected effect of the "equal partnership" strategy, promoted in the Kennedy era became the Janus-faced issue (actually a true *oxymoron*) of cooperation strategies.

Is it possible, however, to isolate a phase of "pure" cooperation which preceded the systematic intervention of the Ford Foundation in the field of European management education?. It is a matter of fact that even in the pioneer phase, the strict collaboration between the European Productivity Agency and EAMTC, directed by Gaston Deurinck, was the product of an articulated agreement in order to avoid or at least to limit competition, rather than the effect of a "spontaneous" cooperation attitude. It is however equally evident that in the phase that preceded Ford Foundation's involvement in Europe, the dominant orientation was- as we said- to limit or at least, to control competitive strategies by quantitatively extending networks and by promoting inter-networks cooperation.

One should argue that in the pioneer phase, the development of a Janus-fronted competitive-cooperation was a latent pattern in networks functioning and that it became a visible pattern in the following phases when competitive cooperation became a "normal" pattern in developing associative strategies, as a consequence of the increasing internationalization of management education in a "world-wide campus". From this point of view it is possible to describe three historical phases. The first one is dominated by *legitimization* strategies, through association at national level, whose aim was standardizing management education in conformity with University patterns.

The second phase, which started significantly after the treaty of Rome, with the creation of EAMTC in 1959, is characterized by an "anticipatory" strategy based on *Europeanization* of management education, through international association strategies, whose aim is, again, standardization of management training patterns. As it was recently pointed out "standardization of training appears to guarantee this privilege to all the certified knowers; but it is, in fact, only the homogeneous background upon which the lines that stratify and create hierarchies among special 'communities' of discourse can be drawn. A form of inequality characterizes all cognitive specialized fields. The main trend in the third period which started in the mid-sixties and lasted until the mid-Seventies was a process of differentiation whose result was precisely professionalization of management education, by means of introducing a system of institutional and organizational asymmetries. This phase is characterized by the leading role of the Ford Foundation and by the increasing *internationalization* and academicization of management education, which created its "core region" by introducing research as the main activity of those who create pertinent knowledge and by developing

competitive-cooperation among the "core" centers. This process of differentiation of management education's "core" from its peripheral regions, represented by those who teaches apprentices and, in a further removed concentric circle, by those who disseminate knowledge and make the profession visible in the press, was strengthened by the renewal of interest of the OECD in management education strategies.

Network development also had a crucial role in this process of differentiation. For each of the above mentioned phases one can detect a typical figure and a peculiar size of competitive cooperation, changing patterns especially in the transition between association strategies, still rather informal, and the creation of structured and complex networks.

The role of EAMTC was crucial in this transitional phase. In December 1958, the *Fondation Industrie-Université pour le Perfectionnement des Dirigeants d'Entreprises* invited the directors of a few management training centers to Knokke for a preliminary discussion. They agreed on the necessity of establishing a European Association of Management Training Centers aiming at the promotion of a high scientific standard of business education and closer cooperation in the fields of research and teaching. Reference was made especially to the activity of the "American Association of Collegiate Business Schools". Following the meeting at Knokke, the EAMTC. was constituted in January 17th, 1959, in conformity with the Belgian International non-profit making Agencies Act of October 1919. In July 1959 an agreement in eight points was signed by the European Productivity Agency directors and the new president of the EAMTC, Gaston Deurinck.

Deurinck planned to center cooperation with EPA on three main points:

- a) advisory role of the Association with the European Productivity Agency for the elaboration of EPA projects in the sphere of management education. In Deurinck's opinion EPA was "too slow and too heavy to handle this kind of job" and needed the help of an "ad hoc" association;
- b) systematic use by the affiliated members of the association of the various opportunities offered by EPA; and
- c) active participation of the Association in some EPA research projects.

Deurinck's attempt to develop EAMTC's action as a kind of network of networks, which was initially facilitated by the substantial failure on similar initiatives like Eurogestion (created in 1957 by IPSOA with the cooperation of the Parisian Chamber of Commerce) was supported by three further initiatives :



a) the creation of an High Patronage Committee which brought in contact the leading personalities in the European entrepreneurial milieu and later on permitted them to realize a coordinated action in promoting the development of the educational institutions which seemed to fulfil the needs of large enterprises and European multinationals. Paradoxically the benefit of these contacts went to the business schools which developed an international out-look rather than to EAMTC itself.

b) the financial and organizational intervention of the Ford Foundation in EAMTC development (with a grant of \$ 75,000), which, despite the initial opposition of some of the Foundation's officers, was nevertheless crucial in launching the "grand design" of the Ford Foundation's European and International strategies in management education.

These strategies were based on an articulated strategy of selection and differentiated kinds of intervention which, paradoxically, limited the leading role of networks in cooperation strategies.

c) the creation in 1961 of a European Liaison Committee under EPA's patronage, whose aim was to foster cooperation between officials in carrying out certain tasks of common interest and to avoid, so far as possible, operational activities overlapping. Its members were: EPA, EAMTC., the European Committee of the International Committee of Scientific Management, (CECIOS) and the International University Contact (IUC). These bodies cooperated in publishing the journal "Management International"

The creation of the Liaison Committee is a symptomatic effect of the perception by key actors, like Deurinck, that something was rapidly changing in the leading position of association networks in controlling and organizing international management strategies. Plus that a new strategy for the better structuring of the existing network was perhaps necessary. Memoranda of the Ford Foundation's officers clearly reveal that Deurinck worried about the possible concurrence of the new European Institute created in Fontainebleau. "Deurinck is sceptical" - Waldemar Nielsen observed in June 1959- "regarding the Paris Chamber of Commerce International Business schools. He said they have started with the building and with a lot of resources rather than good men (Deurinck was not aware of the progress made in Paris in getting good faculty members)".

Two years later, in October 1961, another officer, Stanley Gordon reported that "Deurinck expresses his feeling that the d'Estaing /Olivier /center, despite its European name, is not doing work at a level comparable with the better centers at Geneva and other location, and that relationships with the latter institutions are

not the best. Deurinck apparently feels that it would have been an excellent thing to establish the d'Estaing center in the middle Forties, but now that several centers have been established there seems to be only marginal need for it".

Further developments of INSEAD, especially in the period of the Ford Foundation large grant (\$100,000,000) and the leading role that the Fontainebleau Institute had, since the early seventies, in organizing some crucial European networks, as we have seen in the case of the International teachers program, shows that Deurinck's worries were directed in the right direction!! (Gemelli 1993).

Symptomatically these worries began to retreat when Deurinck actively participated in a new institutional design whose aim was to structure international networks by means of a strategy of the rationalization of existing associations on the one hand and by the systemic organization of new institutions, on the other.

Let us start with this last project, and by stressing that in both cases the role of the Ford Foundation was crucial and that this strategy found its basic support in the consolidation of a restricted and "inner" network of interstitial actors, dislocated in different European countries.

### **The Creation of the European Institute for Advanced Studies in Management**

By the mid-Sixties there was, on both sides of the Atlantic, the conviction that American management methods were superior, more powerful and competitively damaging to European economies. This conviction was overwound by the political strategies implied by the "celebration" of Servan Schreiber's *Defi Americain*. Jean Jacques Solomon, Head of the Division of Science and Technology Policy at the OCDE, made a clear diagnosis of the political implications connected with the rapid transition between the "technological gap", which was the *mot d'ordre* of the early Sixties and the "management gap" which was celebrated in the mid-sixties and created the right context to the process of internationalization of professional management education.

"En quête d'une mesure de l' 'écart technologique' la France et l'Europe découvrirent progressivement que les disparités n'étaient pas là où on avait cru pouvoir les situer: ce qui était en jeu dans le "défi américain", ce n'était pas le génie ni même la vocation scientifique des Européens, mais leur aptitude à tirer parti des résultats de la recherche." (Salomon, 1986 and Sebesta, 1994)



Thus management education became the core of a new gap.

"It was therefore not unnatural," -Marshall Robinson said some years later- "that Europeans looked to the American management system and its educational underpinning for hints about how to close the gap. And it was equally natural for many of them to come to the place in American society which had been working with American management schools- namely the Ford Foundation. This at the very moment that the Ford foundation was winding down with management education in the United States."

The Foundation's activities that emerged were many and varied but there was, however, as I have stressed many times, a common and basic background: the strengthening of professionalization of management through research activities and competitive-cooperation strategies, which implied at the same time a process of rationalizing existent institutions and creating or developing new dynamic centers. One of these centers in specific was the European Institute for Advanced Study of Management. The Ford Foundation's grant proposal files contain a lot of details about the origins of EIASM.

The idea of an institution for advanced study in management with a joint US and European faculty emerged around 1967 as the Foundation staff "bean to size up the prospective flow of European students heading toward US graduate business programs" .

Substantive and economic considerations supported the idea of a Europe--based institution. Compared with a program that would bring the same number of students to the States, an overseas institution appeared much more likely to establish a truly European pattern of advanced work in management studies. The proposed institution also looked as though it could deliver more trained people faster and, in the process, produce more relevant teaching materials. From the Foundation's stand point, it appeared also to be a less costly way to-do the job.

The creation of EIASM was the result of a very complicated experimental phase during which many options were discussed and confronted. The original concept of the Institute was outlined in a joint paper by George Shultz (the then dean of the university of Chicago Business School) and Jacques Dreze (Director of the Centre for Operations Research and Econometrics at Louvain). The paper was diffused among representatives of major US and European Business schools and discussed in a conference held in Rotterdam in 1968. The conference was convened by the Ford Foundation to advise on a strategy for developing

management studies in Europe and one of its results was the creation of a study group on the Institute project.<sup>106</sup>

The discussions which preceded the conspicuous grant, (\$1,000,000 over a four years period beginning July 1, 1971) as well as each report of the study group members, are extremely interesting in situating the position of each actor in this strategic context. The role of which was emphasized by the effect of the student revolution in many European countries and especially in France. Actually many social actors who were directly concerned by management education development and particularly Pierre Tabatoni, then advisor to the Ministry of Education, perceived the university system's crisis as an opportunity to develop new educational strategies, whose key level could be management. The university system's crisis was also perceived as a basic factor in stimulating the French entrepreneurs to change their organisational and strategic orientation especially towards the role of professional trained managers within the firms. This evaluation was, for example, the background of Salvatore Teresi's project of creating the CEDEP.

It is impossible to report in this paper, the large variety of interventions in the debate which preceded the creation of the Institute. An overview of the study group members comments and proposals reveals that some key actors' orientations were prevalent. The *maîtres du jeu* of the study group on the European side were principally Pierre Tabatoni and Gaston Deurinck. The core of Shultz and Dreze's proposal was the idea of creating, with the American organizational and financial support, an international institute to train managers, teachers and researches. Tabatoni and Deurinck with the support of some other European business schools' directors, were able to convince all the participants to the study group of the need that existing European Universities should be much more involved.

Ten years after EIASM's creation, Marshall Robinson, in a conference given in 1982 at EIASM (*Reflections on a Healthy Institution*) frankly recognized that the idea of an international institute,

"was a crazy idea that was shutdown for all the right reasons, and enabled us to spend the rest of the time exploring other ways to deal with Europe's needs for an improved

<sup>106</sup> The study group incuded H.J.H.van Beinum (Rotterdam); T.J. Bezemer (Rotterdam-Nederlandse Economische Hogeschool); G.P.E. Clarkson (Mancheser Business School); G. Deurinck (FIU, Brussels); J. Faus (IESE Barcelona); T. Paulsson Frenckner (Stockolm School of Economics); K. Holt (Norvegian Institue of Technology, Trondheim); L. Pack (Universitat Mannheim, Germany); J. Prins (IUC, Rotterdam); J.F. Sinclair (FME, London); P.L. Smith (INSEAD); P. Tabatoni (IAE, Paris); R. Talpaert (BPC, Brussels)



system of management education /.../. What ultimately emerged was truly an institute for advanced study and a resource for European Universities engaged in graduate studies in the field of management. The mission of the institute was to conduct seminars on the state of the art in the US and elsewhere in the different sub-fields in management studies, to provide a place where management research people could examine alternative research strategies and have their ideas criticized by people whom they could respect, and finally to provide a place to which European doctoral students could go to find a community of scholars interested in advising and helping them with their research efforts"

Robinson clearly recognized also the role played by Tabatoni and Deurinck.

"Two points of importance became clear as the discussions moved forward. One was that Pierre Tabatoni would provide the dominant intellectual influence on the character of the institution /.../. And it was his analysis, reasoning and logical presentation of the situation that caused the institute to become primarily an instrument to foster the development of high quality research and teaching in the Universities /.../. The second point of importance was that the institute would be where Gaston Deurinck wanted it to be /.../ he never lost sight of the objective, and never lost patience with those in the club, and the rest of us never doubted that the institution would end up exactly as Gaston wanted it to be" <sup>107</sup>

Deurinck and Tabatoni's roles are emphasized by the fact that Brussels was selected as the Institute's site after a long series of negotiations in which Geneva and Rotterdam were also selected. Previously the Foundation gave serious consideration to the idea of lodging the Institute at INSEAD, which was clearly the wrong solution from Tabatoni and Deurinck's point of view. Tabatoni's interest in having the Institute in Brussels was related to its strategic position to France and to his close relation with the Ford Foundation and more generally with outstanding American management educators and management education administrators. As an adviser of the French Ministry of education, as an eminent member of FNEGE, and as a consultant of the Ford Foundation Tabatoni was in the position to act as a key actor in his country and to prepare an articulated design to develop high-standing management research in France. It was based on two projects, the first one was the creation of a research structure, CEROG, as part of the University system, and the other project was an institutional joint-venture with the Vanderbilt school of management, to be developed in the United States. Thus, by evaluating the general problem of strengthening French management advanced studies, Tabatoni considered EIASM as a good, complementary opportunity, but not as the only possibility to develop research and international educational strategies. In other words if EIASM was not located in France, there was certainly more room for other, new institutions.

<sup>107</sup> [FFA Reel n° 3214, Grant n° 71100, section 3].

Deurinck also had many reasons to have EIASM located in Brussels. It represented the right opportunity to articulate an inter-network strategy which was supported also by EAMTC-IUC merger. This merger permitted a better differentiation of functions among the existing networks, by strengthening their competitiveness in the international arena, especially vis-à-vis expanding institution like INSEAD. A point on which I shall return.

Thus, following their own steps and by trying to fulfil their national and institutional goals, Tabatoni and Deurinck met one of the crucial aims of the Ford Foundation's involvement in European educational strategies, to develop large-scale institutions as an integrated system in an international policy. It is interesting to note what Gaston Deurinck wrote to Marshall Robinson about the design of the new institution in July 1968:

"The main purpose of this memorandum is to convey the idea that a doctoral program must be considered as a sub-system of a more general system which should be composed of key institutional points of possible growth of management education in Europe /../ The structure of the final decision should be built on the joint venture idea of the growth points of management education in Europe"<sup>108</sup>.

The network-system effect was also the product of a rapid change of the historical and political context. Internationalism in education and especially in management education played, in fact, a totally new role if compared to the late fifties, during which association strategies among national centers were prevailing.

A revealing phenomenon of this shift, (which, as it was said before, was emphasized by the rapid transition from the technological gap to the managerial gap) was the creation of the OECD- sponsored centre in Milan, the International Institute for the Management of Technology. IIMT, as we have seen renewed, to some extent, the old and controversial project presented by the former MIT president, J. Killian, in the early Sixties.

Reflections on this crucial shift were, however, rare among the participants to the study group. Harvard Business School's representative's contribution to the discussion on the Institute's plans (dated July 1, 1968), is, along with Deurinck's memorandum, one of the very few documents which developed a systematic analysis of this new trend, among a large variety of memoranda, from various American and European institutions, which contains only comments on Schulze and Dreze's proposal. Then it deserves more attention than other reports in the Ford Foundation files.

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<sup>108</sup> [FFA Reel n° 2315, Grant n° 71100, section 4].



"I have often been asked by my colleagues here why organizations such ours should devote resources to the further development of management education in Europe"-wrote professor John H. McArthur of the HBS" -././I feel the answer to the question is clear, and that support of this kind ././ can be justified on the single basis of the enlightened self interest of the United States. ././ This is because of my view that if European business cannot quickly develop the capacity to compete in strictly economic terms against American business enterprises in Europe, then, almost certainly, European business will be protected by their governments with political means. This outcome would greatly restrict the operations of American enterprises operating and trading in Western Europe. It would also influence strongly the relations and general political climate of the nations around the North Atlantic././ This can already be seen in the slow erosion in the Coal and Steel Community, Euratom and in recent weeks, the unilateral measures taken by France vis-à-vis the Common Market. These are not isolated events, but part of a developing pattern that has very deep meaning for the United States. A part, and indeed an important part, of this developing malaise has its roots in the inability of many Europeans to manage large-scale business enterprises. Hence the relevance and importance of business education in Western Europe"<sup>109</sup>.

The emphasis was pointed towards strengthening competitive dynamics both in the educational system and in the structural environment of European industries. McArthur revealed the paradox which could derive by a supporting action exclusively directed to,

"spewing elite schools in a largely non competitive national or regional environment. These ventures"- McArthur affirmed-"are non competitive in several senses. The people behind them are preoccupied with making their school the selected institution in its national environment. They have also sought exclusive ties with leading institutions whose support they need.( business and government bodies at home, the Ford Foundation and Harvard Business School abroad). In most such cases the goal has been to develop these special relationships so as to protect and further the interests of a particular school and not really to further the interests of a particular school and not really to further the interests of the system as a whole././ The multiplier effect will be much greater if the likes of the Ford foundation and Harvard think and plan in terms of influencing the latter and not only the former"

McArthur insisted on two additional strategic elements. Firstly, faculty development which was the real strategic point should be strengthened by educational administrators. One can observe at this point, that the process of internationalization of management education institutions as an integrated system of institutions with a differentiated role, was crucial in developing this kind of figure, until that moment almost unknown in the European context. Moreover it should be stressed that the core of international networks was characterized

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<sup>109</sup> John H. McArthur, *Some Thoughts on a Program for Management Education in Western Europe*, Memo to M. Robinson July 1 1968 [FFA Reel 2315 Grant n° 71100, section 4].



precisely by the presence of these kind of actors (Deurinck and his closest collaborator Roger Talpaert should be considered as the pioneers of this social and organizational role). It should also be observed that in order to develop networks' "core capabilities" which permitted the development of a strategy as a set of broad commitments made to define and rationalize main objectives Deurinck was compelled to think in terms of system. Thus it is not surprising that he supported two parallel and complementary projects. The creation of EIASM on one side and the merger between EAMTC and IUC on the other, whose kind of cooperation, mainly oriented to control and limit competitiveness, risked to reproduce the protection strategy of favoured institutions described by McArthur as a non systemic development pattern.

While supporting different interests, McArthur and the highly restricted group of European educational administrators met on another strategic goal: the idea that the European educational infrastructure should be considered as a structural support of a "system of practitioner oriented management education" which could act as a multiplier in developing closer contacts between business and business educators.

### **Rationalizing networks: the origins of EFMD**

The rapid shift from the technological gap to the managerial gap and in particular the fact that it was considered as a crucial target by large scale institutions like OECD and the Commission of European Communities was a basic element in developing the project which led to the creation of EFMD. The increasing role of these two large-scale bodies changed progressively not the rules but certainly the scale of the game and acted as a multiplier of competitive cooperation strategies towards directions which were perhaps unexpected, especially from the point of view of American actors. Going back to McArthur's memorandum one should note that what was expected was a multiplier effect in European competitiveness *through US. cooperation* rather than competition with the US. In any case the scenario of management education development in the seventies was much more complex than its script.

At the origins of EFMD there was a proposal of the Ford Foundation, which developed the arguments of Gaston Deurinck's (outlined in a memorandum) to create an association between the already existing European networks whose goal was to improve management education. The first step was indeed, after long and complex negotiations, a merger between EAMTC and IUC, whose presidents, Gabriele Morello and J. Kreiken signed in Rotterdam a joint-venture contract in



April 1970. The merger leads to the creation of a European Fund for Management Education and Development.

The idea of a Foundation, which totally rationalized the two pre-existing institutions by creating a new institutional body, was a further development of its original project which introduced some crucial shifts. In his *Address* to the General Assembly in Amsterdam on 8th November 1971, Johannes Meijnen, former Dutch Minister of Defence and Chairman of AKZO, then president of EFMD, said that "the concept of the Foundation which we are structuring here today owes much to the inspiration of the Memorandum on Industrial Policy published last year by the Commission of the European Communities". OECD's support of this idea was pointed out by Ambassador Von Platen, Chairman of the OECD Industry Committee six months before the EFMD General Assembly. The OECD celebrated the renewal of its interest in management education with a Symposium whose main subject "was the study of the effects of managerial gap as a detector of a "need for an educational system appropriate to the technical world".

The accent was put on three concepts. interdependence, rationalization and internationalization. The last concept implied the role of Europe in a large scale system including Eastern Europe, the United States as well as Japan. One of the main topics in Von Platen's speech in Amsterdam was, in fact, "learn from Japan":

"Some may say that Japan has little or no true management education. But the proof of the pudding is in eating".- Von Platen said -"/./ I believe that the Japanese have a remarkable talent particularly in planning, cooperation (government -industry) and motivation which is a key to industrial success of increasing importance. So let us not forget to look at lessons to be learned in Japan".

The role of OECD, along with that of the Common market, was crucial in shaping the idea of a Foundation for European Management Development. In June 1970, when the EFMD was still an association ("Fund") of two main centres, Roger Talpaert (who was a key actor in European networks' story, being at the same time the Director of the Fund and the General secretary of E.I.A.S.M.), in a Memorandum to Marshall Robinson wrote:

"A first possibility is a limited rationalization of the two main international associations /./ under the heading of a European Association for Management Education. This has the advantage of corresponding completely to the initial Ford Foundation proposal, but the resulting body will be too limited to be able to influence whatever initiatives are taken e.g. by the OECD and the Common Market. /./ Perhaps the best solution might be that a grant be given for a specific project and not for the "Fund" as such, this specific project being the reorganization of the Association and IUC in terms of a series of well defined objectives such



as the definition of relevant standards, the setting up of opportunities for the professional development of teachers and researchers /./ The "Fund" would then be kept open for other projects and could be entrusted by the Common market authorities with preparation in depth for the setting up of the proposal Foundation"<sup>110</sup>.

Talpaert insisted on the fact that the new foundation should concentrate its effect in management development rather than on management educational strategies: "The Common Market authority" - he said - "insisted on a stronger representation of industry in the 'Fund'." This orientation was crucial in a period of rapid expansion of European large-scale firms which developed their own market for management graduated students who began to easily find a qualified job in Europe without being compelled to emigrate to the US.

Moreover there was also the expanding market of developing management education in Eastern countries, which was already an important chapter in the Ford Foundation grand design of creating a world wide campus in management education. EFMD was ready since its creation to expand its membership organization to those countries, confirming, with the approval of the Ford Foundation, its pan-European role. In his address at EFMD's first General Assembly, J. Meijnen stressed "the character of the Foundation as an all European body"<sup>111</sup>, and extended a special welcome to the representatives present from Eastern Europe. If one recalls the crucial role of the Eastern European program in the Ford Foundation's educational policies, the new Foundation should be considered as a strategic channel to develop a systemic cooperation with the Eastern countries. Its role reveals however that cooperation strategies as strategic tools in internationalisation policy could also act as elements to strengthen the autonomization of the European networks, which could progressively interact without the medium of American translators and donors. But this is a totally new topic of the same story which should be developed in another chapter especially devoted to management education in Eastern Europe countries.

Many other events revealed that the "apprenti sorcier" began to develop a strategy of progressive autonomization from his American master. In 1971 an "informal" agreement among some leading European business schools contrasted successfully the idea of creating, in Switzerland, a European duplicate of Harvard Business School. At the same time INSEAD developed a "campaign" to create a European International Teachers Program, and deprived Harvard Business School of its traditional and centralised control on this program. The new INSEAD's

<sup>110</sup> [FFA Reel n° 1659, Grant n° 70204, Section 3].

<sup>111</sup> J. Meijnen, *Address at the General Assembly in Amsterdam on 8th November 1971* [FFA Reel n° 1659, Grant n° 70204, section 4].



"professional" dean, Dean Berry launched also a claim for autonomizing European educational strategies. He also, in a paper prepared for OECD, which was many times quoted at the EFMD's first General Assembly, argued that the system of American business education was verging on obsolescence and irrelevance, whilst Europe offered substantial opportunities if centres could co-operate in building a network. It is interesting to note that the press release which announced the creation of EFMD expressed this trend towards autonomization in terms of bypassing the American models: "The continued reliance on the US model is often inappropriate to the European context" - it was clearly said.

In the turbulent environment of the Seventies the dramatic difference in educational patterns, institutional design and strategic goals, which characterized European institutions and was initially perceived as an obstacle rapidly became a system of opportunities to be exploited in a competitive way:

"The variety of situations within Europe"-Talpaert wrote in a reports dated March 6, 1970- "can be exploited to ease innovation and experimentation in teaching and research. The European framework can also, for example, short-circuit difficulties which may exist at a national level and which hinder the dialogue between the academic world and those involved in the practice of management".

The selection of Brussels as the core of European networks was the result of a non calculated series of events and a calculated use of opportunities. As Marshall Robinson stressed in one of his reports to the Ford Foundation,

"Brussels has been selected as the site /of EIASM/ following a long series of negotiations in which Geneva and Rotterdam were also considered. The issue was resolved when Belgium supplemented its strong substantive case by offering \$1,3 million worth of offices, seminar facilities and equipment and a library collection and computer facilities."

Selection of Brussels for EIASM created also a competitive advantage for also having EFMD located in the same area. But the question is, how a series of opportunities created by the previous existence of associative strategies generated a network system? I think that a reasonable answer could be found by applying to this context Alfred D. Chandler's conceptualization of the relationship between strategy and structure. The shift between associative strategy and systemic networks is related to the emergence of a kind of meta-organisation which found its social support in a very restraint strategic group composed by new social actors, administrators of management education. One should call this meta-level, in organising management education, "*management of management*".



Significantly in 1968, in most of his reports and memoranda Gaston Deurinck insisted on two points. He was against the idea of a central institution, preferring the Belgian way of setting up co-operative arrangements with universities, within the Common market, and he defended the idea that "it was necessary to go into *the management of European management schools*".

A few years later Roger Talpaert transformed this idea into one of the main projects of EFMD research activity. The final report of the project "*Management of Management*", was published in 1978 with a very nice title *L'arroseur arrosé*, which actually could be interpreted as a metaphor for the inversion in competitive advantages between US and Europe and which was derived from a very famous theatre plot. In his conclusions Talpaert wrote:

"As in many other fields, the major advances which can be hoped for in the field of management education and research will, over the next decades, be launched at the European level -or they will not take place at all. There are two meanings to this: ././ there is a need for /a/ second leap forward and it has to come quickly. For the previous one was concerned almost exclusively with optimistic resources ././ in a perspective of organisations producing goods and services, to a large extent disregarding social activity. Attempts have been made in the USA to overcome this dead-lock, but they have failed ././ For ././ the progress of the first wave brought up a great rigidity of standards and institutions ././, a whole set of conditions constituting a powerful brake on change. In Europe, where the American rise has often been badly and only partially copied, the situations are much less set. On the level of Europe as a whole, resistance to a new wave would be much less great ././ a "mixed" social organisation does not isolate the enterprise as a producer of goods and services so much from other social groups././ The next major advantage in management will be European in a second meaning. It cannot be expected in any single European country in particular, but only in Europe as a whole"<sup>112</sup>.

This articulated complementary between national dimension and trans-national scale was significantly considered as the main competitive advantage of European management education vis-à-vis the United States. It was certainly the basic element legitimising the social role of *managers of management* and to strengthening the development of networks as structured systems.

"Social systems, and in particular the organisation of teaching, of which management education and research are part, are at least as set in each European country taken separately as they are in the US."

Talpaert observed-

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<sup>112</sup> [FFA, Reel n° 2315 Grant n° 71100, section 5].



"Flexibility is only possible on the European level as a whole because it is only feasible to bring together there in dynamic sets the isolated pieces blocked at the level of individual countries. Secondly, because there is no European country, even among the biggest which is sufficiently large to justify the requisite concentration of resources to induce major progress".

## **Eastern European Programs**

Further developments of European research and teaching programs during the 80's testify that the networks approach was a successful strategy. However as to what concerns competitive cooperation between US and European management education, many questions, are still open. Was European competitive advantage, which was announced at the end of the seventies, a mere promise? Could one think to the present in the same terms and look to the future with a similar perspective?

This question clearly overpasses the limits of this work but it is actually, as stated at the beginning, part of its problematic background. The effects of the great transition of 1989, especially in Eastern countries are far from clear. The impact of American models in those countries especially in management is however evidence. The problem of continuity and discontinuities in relation with the first of the Ford Foundation's grants, to develop management education in Eastern countries in the period of the grand design and intensive development of Western programs, is a crucial starting point. Did those programs contribute in some way to the preparation of a new environment, both in terms of the business elite and entrepreneurial behaviours? Were the group which had been active in supporting Ford Foundation's policy, still active in the late eighties? What was the role of historical memory in producing new strategies? This topic clearly goes beyond, in its complex implications, the subject of my work. Except perhaps in one point which, in conclusion, should be considered. What was the role of European institutions and networks in developing or at least in cooperating with Ford Foundation's policy in Eastern Europe?

Asymmetries at work in the dissemination of management education programs in Western European countries, emerged dramatically in Eastern programs. Programs which had started in July 1970 with a grant of \$600,000 to develop exchanges between Polish and Hungarian management education institutions. With stronger difficulties, in the following years the program was extended to Romania, with a grant of \$ 300.000.

Management education in Poland and Hungary presented similar patterns which could partly be compared with the Western countries situation, as was stated in a report of March 1970:

"Management education in Poland has a strong institutional base. The Polish Management development Center is the best we have yet seen in Eastern Europe and is better than all but a few institutions in Western Europe /../ The Polish universities, as elsewhere in Europe, are in an untidy situation with management studies. But in Poland they have now accepted the fact that management is a proper area for university study and that undergraduate students can take some work in this field../ Unlike the Hungarians whose commitment in the economic reform is much deeper, the Poles appear to have a continuing curiosity about US models of thought. Among the East European countries, Poles, along with the Czechs, appear to have the greatest natural affinity form management studies are likely to become our major East European customer in this field".

The perception of a differentiated environment, stimulated the process of differentiation of Ford Foundation's programs and policies. In Hungary, for example, the dominant pattern was the development of the management game, based on a NYU program. The Ford Foundation's experiment, on a joint basis, including NYU, Karl Marx University and the Ford Foundation, was supported with a grant of \$76,405 by a research whose aim was the improvement of understanding of the areas of interpersonal impact, transfer of skills and knowledge, through a process of adaptation to the Hungarian context of "simulation strategies". In a report on this subject it was clearly stated that:

"The gradual relaxation of political tensions between East and West, and the growing interdependence of national economies has contributed to increase interest on the part of both Western and East European companies to establish trade contacts. As a result, there is a need on both sides for better understanding of the business and managerial environments of the trading partners. This is especially true in the case of American firms since there have been major changes in the international business environment of many of the East European countries and information on current situation is limited. Areas of particular interests include the nature of the markets and methods of entry into them, regulation influencing foreign investment opportunities and the nature of the managerial environment including decision autonomy, incentive structure and managerial freedom"<sup>113</sup>.

The basic differences vis-à-vis the Western European context, according to American observers, were related less to the demand of management education than to structural characters of the industrial environment dominated by a highly centralized planning and direction and poor quality central control.

<sup>113</sup> Report on NYU Hungarian Management Game, Brief Summary project, pp:7-9 [FFA, Reel 2151, Grant n° 709046, section 4].



"The government has lacked the ability to closely monitor performance, except in accordance with rather crude criteria, such as the achievement of simple volume outputs quotas - are poorly stated-./ / Thus the managers of socialist enterprises have had limited managerial discretion available to them. Decisions regarded as normal for Western managers, such as product mix, marketing, capital investment and employment levels were not in their ends".

In terms of social constraints the American observers detected however elements of comparison with Western countries. I would say that, at the end of the sixties a comparison was really only possible for a few European countries. As for example Italy, where the role of ideological constraints, political sophistication patterns and, in particular, the dominant relevance of individualistic approach, in terms of initiative in promoting both new educational enterprises and pressures to institutional reforms were especially evident. In Hungary, a determinant role was played by Rector Szabo of the Karl Mark University. In Romania on the contrary the lack of strong leadership had negative effects in the development of the program.

Actually since the beginning of the Eastern European Program the interaction with Western European schools was perceived as an important factor, when compared to the large diffusion of economic planning experiments and the relevant role played in Western countries and especially in France and Italy by state intervention in economic and industrial policies.

The first attempt to create channels of communication among Western and Eastern areas were related to a process of integration of Polish and Hungarian graduate students within the existing program of the major business schools like IMEDE (with the ITP program<sup>114</sup>) and INSEAD. A second possible channel was the development of a European case method clearinghouse which was supposed to include scholars from Poland and Hungary, but did not really worked form this point of view<sup>115</sup>.

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<sup>114</sup> M. Robinson Letter to Jack Moscatelli, IMEDE June 23, 1970 [FFA, Reel n° 2151 Grant n° 709046, section 1]. See also M. Chamberlain Memorandum: Hungarian and Polish participation to the Harvard Lausanne Program in business administration June 24, 1970, (ivi).

<sup>115</sup> M. Robinson letter to Dean Georges Lombard April 3 1972, quoted: I am saddened to see so few results affecting the East European situation. As Andy /Towl/ knows, the East European were the people who persuaded us of the need for a special effort on cases-yet, seemingly in six trip to Europe, no one has made any contact with them".

Another “focal” point should be the European center for advanced management studies, which, as stated in a report on Polish management education<sup>116</sup> was considered the fundamental background for this kind of development.

Actually, EIASM seems to have only played this role during the second period of its existence, that is since the mid-seventies in relation with a crucial shift in Ford Foundation’s Eastern European program. The program, the Delegated Authority Project, which had been previously managed by a cooperative interaction between the higher education and research division and the European International Affairs program, was farmed out to IREX (International Research and Exchange Board) in 1973. Actually this project was prepared since 1972 but not without resistance from some officers. A report worthy of attention is one that was sent to Marshall Robinson in November 1972 from Ivo Lederer, an EIA officer arguing that,

“The principal mandate of IREX is to service the main national academic interests and in that framework the field of management education has not been primary ././ For a score of reason it would not be predictable to switch from a direct Foundation involvement in this area of concern to an IREX administered program, at least not without causing some disequilibrium in existing IREX programs and an additional strain on a small staff which also has no expertise in this field. Eastern Europe continues to be a relatively modest but not unimportant part of the Foundation’s concern abroad, especially in Europe. Within EIA the trend has been to continue with important ongoing projects and to find ways of developing closer links between the two European halves. For that reason I recently expressed interest in stimulating East European participation in your Brussels center”<sup>117</sup>.

Actually when the project was finally farmed out to IREX the remaining balances were used by Higher Education and research to bring Eastern Europe more closely into the US-oriented Western European management education network, particularly through a grant to EIASM to backstop Polish participation in the Institute’s programs.<sup>118</sup>

Other recipients were IIASA, INSEAD and a European consortium for ITP programs. Actually, the role of IIASA, which entered in its operational phase precisely, in 1972, when the IREX transfer began to be discussed, should be considered more attentively, in a long-term perspective, including the eighties,

<sup>116</sup> M. Robinson, H. Swearer, Memorandum: *Management Education Poland and Yugoslavia*, March 30, 1970 [FFA, Reel 2151 Grant n° 709046, section 1].

<sup>117</sup> Ivo J. Lederer, *East European Management Program (HE&R-EIA)*. Memorandum to M. Robinson November 15, 1972 [FFA, Reel n° 2151 Grant n° 709046, section 4].

<sup>118</sup> M. Chamberlain, Memorandum to Howard S. Dressner and Mc George Bundy, August 26, 1977 [FFA, Reel 2151 Grant n° 709046, section 4].



which were characterized by the development of a research project on negotiation strategy, with H. Raiffa, and by the beginning of Hofstede's studies on cross-cultural management. This subject bypasses the aim of my work and will be certainly developed in other contributions.

At a first glance, the role of Western institutions in the development of Eastern programs do not seem particularly relevant, the reason for which, I have explained superficially. Here I can develop only some hypothesis related to the period of the seventies. The problem demands, of course, further investigation, with a long-term approach involving the eighties and the nineties (that is the period after 1989). It is true that the Eastern program was not simply an extension of the "highly successful program in Western Europe". As stated in a 1976 report;

"The program represented the first major direct Foundation venture into Eastern Europe reflecting its growth of interest in that region. Although the Foundation had supported academic exchange program since the late 1950s, the Management training program was in fact the first, large scale and functionally oriented Foundation program in the Eastern Socialist".<sup>119</sup>

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<sup>119</sup> D. Berry and A Korbanski, *Evaluation of Management Education Programs in Hungary, Poland and Romania*; March 5, 1976 [FFA, Reel n° 2151, Grant n° 709046, section 4].

## Epilogue

There are many reasons why European schools and programs were only partially involved in the Eastern project. I can enumerate some of them in relation to the field analysis previously developed. First of all, it should be considered that European enterprises took the initiative to get involved in Eastern strategies since the mid-Sixties that is when the big escort of Western management education took place. Secondly the role of President Johnson's project and later on the role of the IIASA in Laxemburg was crucial in establishing channels of bilateral relation to which European support was complementary but not determinant. Actually most of the consultants involved in Eastern programs were American, with leading roles in Western European institutions (like Dean Berry) or in American Universities (like Andrej Korbanski).

Berry and Korbanski appeared in the Eastern scenario in a delicate period of transition when Ford Foundation's involvement in this area came to an end and it was necessary to strengthen the relations of the programs which should be completed with the existing European institutions. Berry and Korbanski wrote that, "Western Europe could be used as a less expensive substitute to the USA, for Eastern European visits"<sup>120</sup>. However, this role of subsidiary is not so evident, at least, the interest in developing strong relationship with Eastern European institutions was not so strong in Western areas. One should certainly consider the role of the political context in the mid Seventies which appeared increasingly worse when compared to the mid and late Sixties. But one should consider also "field dynamics", that is the increasing competition of European business schools with an international outlook in controlling the production of international case studies, especially after the creation of a European Harvard at Mont Pelerin.

For example, consider a report of CEI (Centre d'Etudes Industrielles located in Geneva) in which it is clearly stated that:

"Efforts have been made, notably at INSEAD and IMEDE, to generate European cases. However most of these cases treat problems arising within a given European country. Most available material listed s international concerns the foreign operations of US parent companies. Thus, while both European based and international material exist separately there is an almost total lack of a combination of the two ././ The entry of Harvard into Europe and its ambitious program for surveying the available cases, stimulating case writing and developing skills in case preparation and teaching my of course result in the production of some international European cases. Still, it does not

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<sup>120</sup> Ivi, *Recommendations for the Ford Foundation Report*, p. 2.



appear that the development of international teaching material will be the primary aim of the Harvard effort."<sup>121</sup>

Actually CEI was the most active among the European Business Schools in developing contacts with Eastern countries, and in strengthening the necessity of an accurate design for each programs, based not only on "technology of management" which are universally valid, but also on the "social know-how of management" which is not "universally valid", because is culturally conditioned.

"To be effective," the director of CEI affirmed, "it has to be compatible with the value systems in a given culture, in a given country /.../ The Soviets have also been intrigued by American management know-how just as West Europeans, with however somewhat greater risks to themselves. They have in fact been trying to transpose some of the Occidental know how in management."<sup>122</sup>

In the Seventies, however, European resistance did not develop into a strategic field of research, which could implement the reflection on patterns of transfer, eventually by extending to Eastern Europe the social know-how in adapting and reshaping models which was, as we have seen, a specificity of European "behaviour" vis-à-vis the American impact in management education.

European networking processes at this time were mostly devoted to implementing integration of programs among Western European area, rather than to consolidate (and eventually "export") a European management pattern, based precisely on a built-in cultural polyvalence, on a permanent intellectual extra territoriality. This limited implementation of channels of communication with Eastern Europe countries depended, partly, - at least for the period considered in this work- on political and diplomatic circumstances. A famous study of John Newhouse and Peter Hassner<sup>123</sup> stressed the fact that: "Any attempt to rush into intimate links with Eastern Europe before the community is consolidated in the West will be self-defeating."

One should also consider the effects produced by the institutional development of European business schools with an international character. Since 1976, for example, INSEAD had developed a strong attention to Japanese patterns both in research and entrepreneurialship with the creation of the Center Euro-Asie. The

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<sup>121</sup> A Proposal for the Implementation of a New Concept in International management development. A submission to the Ford Foundation prepared by CEI December 27, 1971 Appendix K7: Development of European based International Teaching Material [FFA, Reel n° 1955 Grant n° 72355, section 5].

<sup>122</sup> R. Hawrylyshyn, *Management Education. An International Perspective*, Asfor Meeting, 1973.

<sup>123</sup> *Diplomacy in the West: out from paradox*, New York, 1966.

first developments of EFMD, with its statutory provision that the Chairman of the "Board of Trustees" be a businessman and the pre-eminence of a top level business representation, virtually could create the conditions to develop contacts with Eastern European business environment. But when the first director, Meijnen, resigned, another orientation prevailed. It could be summarized by referring to interesting observations, which were made recently as comments to a paper of mine, by Roger Talpaert:

"The EFMD remained something akin to a weaker version of AACSB (because of a considerable number of individual members, inherited from IUC membership) instead of a small Ford Foundation for Management Education in Europe."

In a few words, EFMD did not meet its strategic dimension.<sup>124</sup>

Thus the limited development of "management of management" for Universities and training institutions, (the Herbert Simon's dynamic and unstable intersection between "oil and water"), seems to have created, at least in the seventies an obstacle in strengthening European competitive-cooperation strategy, in the "world wide campus" of management education. When the communist world collapsed the American patterns were again the "models to imitate", at least in Russia and perhaps also in other Eastern European countries.

Management of diversities, however seems to become a relevant problem also in those areas. Both in the form of a "war of degrees" and in the form of networking and institutional cooperation strategies, management of diversities is not an invention of the present. It is not the simple product of Euromanagement gospel, but reveals historical roots and a double facet, it represents in fact a constraint as well as a real asset, perhaps the most relevant competitive advantage of European management education environment, in terms of historical selected pattern (Marc Bloch).

Ford Foundations' cross-fertilization policy, therefore, is a revealer as well a catalyser in a process which had large implications for European integration. Acting as a sort of large-scale "cultural entrepreneur", Ford Foundation's role is irreducible to the static function of a "gatekeeper" of hegemony. On the contrary, as I have tried to demonstrate, the development of competitive-cooperation as a distinctive pattern of European actors behaviour and institutional strategies in management education was also an effect of the system of interactions between actors and projects produced by Ford Foundation's policy and negotiation activities, in shaping and reshaping institutional and educational "design", as a crucial challenge in building trans-cultural societies.

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<sup>124</sup> R. Talpaert, Letter to the Author.



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